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CONTENTS

Economic Sanctions against South Africa — *Charles M. Becker* — 147

The Comrades and the Countryside: The Politics of Agricultural Policy in Zimbabwe — *Michael Bratton* — 174

Is the Soviet Present China's Future? — *Constance Squires Meaney* — 203

The Rise of Bureaucratic Authoritarianism in South Korea — *Hyug Baeg Im* — 231

Review Articles

South Africa: Violence, Myths, and Democratic Reform — *David D. Laitin* — 258

The Peruvian Experiment in Retrospect — *Jane S. Jaquette* and *Abraham F. Lowenthal* — 280

The Contributors — ii

Abstracts — iii

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ABSTRACTS

Economic Sanctions against South Africa

By C. M. BECKER

The author presents a detailed, nonmathematical discussion of the consequences of a variety of potential sanctions against the Republic of South Africa. He disputes the widely held belief that all effective sanctions would greatly hurt poor South African blacks. Instead, sanctions such as bans on exports of high technology to South Africa and imports of South African gold and diamonds would cause labor-intensive sectors to expand, thereby limiting the impact on unskilled nonwhites of the general recession that would result. But there are also several types of sanctions that would have a severe impact on poor nonwhites. In addition, forced divestment would result in windfall capital gains for white South Africans; but that would not be true in the case of a ban on *new* investments. Finally, there is a need for infrastructural aid to help South Africa's neighbors weather the economic recession that would be caused by sanctions. Judicious aid is also important in order to induce both Western and South African investments away from the Republic.

The Comrades and the Countryside:

the politics of agricultural policy in zimbabwe

By M. BRATTON

Because public policies result from a combination of economic calculation and political pressure, policy analysis is a subject of political economy. The author analyzes the interplay of political and economic considerations in the determination of agricultural policies in Zimbabwe between 1980 and 1985. During this period, government set favorable producer prices, a policy that can be explained in terms of the coincidence of economic rationality and a powerful lobby of large commercial farmers. Land reform became stalled, however, because of the absence of either positive economic returns or an organized constituency among land-hungry peasants. Despite high initial costs, the government shifted its agricultural development strategy to the provision of smallholder services. This strategy was adopted because of the reliance of the governing party on a political base among an independent peasantry. Under such institutional conditions—and given competitive elections and effective bureaucracy—agricultural development policies in Africa do not always work to the disadvantage of rural producers in favor of urban and industrial interests.

Is the Soviet Present China's Future?

By C. S. MEANEY

China has entered a period that parallels the Soviet Union's post-Stalin era in several important ways. Some commentators predict the institutionalization of a conservative, Soviet-style regime in China, while others, impressed by Deng Xiaoping's reforms, see the demise of Marxism-Leninism. Examination of China's particular mode of abandoning "revolution from above" and the nature of the opposition to present policy suggests that, despite parallels with the Khrushchev period, the conditions that led to a conservative outcome under Brezhnev are largely absent in China. These involve the degree of co-optation of first- and second-generation elites by the party, and the timing of upgrading the status of the professional classes. The fact that China's elites provide a weaker constituency for orthodoxy than did their Soviet counterparts argues against the institutionalization of a "Brezhnevist" solution.

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The Rise of Bureaucratic Authoritarianism in South Korea

By H. B. IM

The author first examines the theoretical flaws of O'Donnell's bureaucratic-authoritarian thesis in explaining the emergence of authoritarianism in industrially advanced third-world countries. He then discusses a preferred analytical framework based on class conflict and/or class compromise in distributional struggle. In the third part, he analyzes bureaucratic-authoritarian regime transition in South Korea by means of this analytical framework. In the late 1960s, the termination of the unlimited supply of labor made it difficult to form a political compromise concerning the organization of the system of production. As a consequence, distributional conflict intensified, and the organization of the economy became the object of class conflict. Faced with a crisis, the authoritarian power bloc rejected alternative developmental strategies which would have provided the material base of class compromise. It ended the restricted democracy and launched a bureaucratic-authoritarian regime through a preemptive coup (i.e., Yushin).

South Africa:

violence, myths, and democratic reform

By D. D. LAITIN

Two reformist strategies for a post-apartheid democratic South Africa are critically examined. Both proposals purport to be built on a foundation of social scientific analysis, and are guardedly optimistic about the chances for nonviolent change. With Sorel's *Reflections on Violence* as a backdrop, the works are viewed not as social science analysis but as myth, in that their optimistic tone is a device not to describe but to create reality. Sorel's work also helps us to see that both proposals view violence negatively as an indication of failure to accommodate, and refuse to think of it positively as an essential condition for realistic negotiations. Finally, game theory is applied to South African racial conflict in order to show the difficulties of reaching the outcomes that both proposals hold to be desirable for all parties.

The Peruvian Experiment in Retrospect

By J. S. JAQUETTE and A. F. LOWENTHAL

Structural explanations of the adoption of the Peruvian military's reform program from 1968 to 1980 argue that the armed forces intervened to play the entrepreneurial and investment roles that had been inadequately performed by a weak national bourgeoisie and/or to make up for the bourgeoisie's failure to integrate the nation and consolidate an effective state. Military institutional analyses stress the impact of professionalization on the goals and self-confidence of Peru's officer corps. The structural explanations account better for the military's adoption of its initial reform program than for its subsequent radicalization. The military institutional approach helps to explain why the reform was first radicalized and then abandoned. Neither explanation gives sufficient weight to the personal impact of General Juan Velasco. The Peruvian experiment shows that political leadership is difficult even for technically proficient and highly professionalized armed forces with a well-articulated program and a favorable political context. It also exposes the contradictions inherent in an approach that promotes socialist values within a capitalist distribution of property.

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ECONOMIC SANCTIONS AGAINST SOUTH AFRICA

By CHARLES M. BECKER*

Introduction

IN this paper, I shall dispute the widely held belief that all effective sanctions would greatly hurt poor South African blacks. Rather, it is likely that bans on exports of high technology to South Africa and imports of South African gold and diamonds would cause labor-intensive sectors to expand, thereby limiting the impact of a general recession on unskilled nonwhites. Still, several types of sanctions, such as those on oil, would have a severe impact on poor nonwhites. In addition, forced divestment would result in windfall capital gains for white South Africans; such gains would not be realized, however, if the ban were on new investments only. Finally, I shall discuss the need for infrastructural aid to help South Africa's neighbors weather the storm. Judicious aid to these countries is also important in inducing both Western and South African-owned investments away from South Africa.

Support for sanctions has grown dramatically in the United States in recent years.** While this support is strongest among liberal Democrats, its appeal is surprisingly bipartisan. The House-Senate conference agreement of August 1985 placed restrictions on computer sales, prohibited exports to South Africa's nuclear industry and bank loans to the South African government, and stipulated adherence to the Sullivan Principles for U.S. companies doing business in South Africa; further sanctions have been threatened. In an attempt to defuse the movement, President Reagan instituted mild sanctions on September 9, 1985, including restrictions on computer sales, nuclear exports, and bank loans. But, as conflict in South Africa accelerates, pressure for more stringent measures continues

* This paper has benefited greatly from critical reviews by Timothy Bartik, Richard Burkhauser, Rendigs Fels, Nicholas Georgescu-Roegen, William Kaempfer, Anton Lowenberg, and Andrew Morrison. I am grateful to each of them, and to participants in a seminar at the University of Kentucky, for valuable insights.

** Since this article was written in final form, the U.S. Congress has passed (and overridden President Reagan's veto of) a sanctions package that bans all *new* U.S. investments in, and bank loans to, South Africa. It also bans imports on South African uranium, coal, steel, textiles, and agricultural products, and restricts U.S.-South African airline traffic. Similar but generally weaker sanctions have been adopted by several other states and by the E.E.C. The arguments below suggest that the immediate economic impact of these sanctions is unlikely to be great, although the political significance is considerable.

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to mount, and the 1986 Congressional measure considerably surpasses its predecessor.

Even though there is disagreement over the desirability of sanctions, there is general agreement, across the U.S. political spectrum, concerning ultimate aims. These goals include black majority rule (preferably democratic) in South Africa, equality among the races, and maintenance of a stable, pro-Western, capitalist society. The main argument against the imposition of stringent sanctions is that poor blacks in Southern Africa will be hurt far more than the white target. Thus, President Reagan stated in his Executive Order of 1985, "Our aim cannot be to punish South Africa with economic sanctions that would injure the very people we are trying to help."[1] In asserting that the consequences of a sanctions-imposed recession would hit poor, black South Africans most severely, Representative Jack Kemp (R-NY) argued that "those at the bottom of the scale always have the most to lose when growth stops."[2]

Even advocates of sanctions generally accept the proposition that virtually all measures against South Africa would, if effective at all, harm South Africa's nonwhite majority as well as the ruling white minority.[3] Usually implicitly, they regard the economic damage to nonwhites as an inevitable misfortune that must be borne in order to achieve an ultimately greater good.[4] Examination of the economic consequences of sanctions that might be directed against South Africa casts strong doubt on these pessimistic views, however. It is possible to tailor sanctions so as to harm white South Africans without substantially reducing the real incomes of unskilled nonwhite workers. The key is to impose measures that generate increases in the demand for labor—by causing relatively labor-intensive sectors to expand, or by causing techniques within major sectors to become more labor-intensive. Such growth would unleash forces that could counter the initial recessionary impact.

[1] "President Reagan's Executive Order," *Congressional Digest*, October 1985, p. 231.

[2] "Is the Proposed Anti-Apartheid Act of 1985 Sound Strategy?" *Congressional Digest*, October 1985, pp. 232-55, at 239. Kemp's discussion is perhaps the clearest analysis by a major political figure of the consequences of sanctions.

[3] On the whole, advocates of sanctions appear to be fairly oblivious to the economic consequences of their proposals for nonwhite groups—a point noted by their opponents. Among more thoughtful advocates who recognize that sanctions may well cause severe suffering for nonwhites, Representative Howard Wolpe (D-MI) addressed the issue during congressional debate, albeit somewhat gingerly:

> [opponents of sanctions suggest] . . . that those who are advocating sanctions are really not very sensitive to the prospective suffering that might be created on the part of the black population. Nothing could be further from the truth. The tragic reality is that the policy of constructive engagement . . . is in fact producing more suffering . . . (*ibid.*, 250).

[4] The nonwhite community in South Africa includes "Asians" and "coloureds" as well as "Africans"; for expositional simplicity, I use the words "nonwhite," "black," and "African" interchangeably.

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The debate over the desirability of sanctions has been marked by a paucity of economic analysis.[5] In attempting to fill the gap, I shall outline which sorts of sanctions will be effective and which are likely to harm southern Africa's black population least. After briefly discussing critical features of the South African economy, I shall consider the likely effectiveness of various types of sanctions, their impact on different groups in South Africa, and their effect on the rest of southern Africa. The paper concludes with a "positive" strategy for developing the rest of southern Africa, which will be useful even in the absence of sanctions and essential if sanctions are to have an outcome generally viewed as desirable by Western electorates and policymakers.

The Structure of the South African Economy

Perhaps the principal error (consistent with both neo-Keynesian and monetarist macroeconomic analyses of advanced capitalist economies) made by many observers is to view the South African economy as a monolithic entity producing a single good. It would follow that, under not very stringent conditions, all types of labor (white and black, skilled and unskilled) would be affected in the same way by sanctions and other exogenous shocks.[6] It is also likely that sanctions would affect earnings of different factors in the same manner—in particular, the earnings of capital and labor would both decline.

In reality, the South African economy is a highly segmented one which in many respects fits closely the dualistic structure of Hansen's African version of Lewis's model.[7] There is a "modern" component, incorporat-

[5] There are, however, several excellent models of the South African economy. In particular, see Mats Lundahl, "Economic Effects of a Trade and Investment Boycott against South Africa," *Scandinavian Journal of Economics* 86 (January 1984), 68-83. The mathematical model in this paper is closest to Charles M. Becker, "Modeling Southern African Labor Markets: A Multi-Country General Equilibrium Approach," *Modeling and Simulation* 16 (1985), 137-43, which, in turn, draws extensively on Mats Lundahl, "The Rationale of Apartheid," *American Economic Review* 72 (December 1982), 1169-79. Also see John B. Knight and Michael D. McGrath, "An Analysis of Racial Wage Discrimination in South Africa," *Oxford Bulletin of Economics and Statistics* 39 (November 1977), 245-71.

[6] The underlying model assumes a single good produced by skilled labor, unskilled labor, capital, land, and imported intermediates. All factors are gross substitutes; technology exhibits constant returns to scale in this and all other models discussed.

[7] W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour," *Manchester School of Economics and Social Studies* 22 (May 1954), 131-91; Bent Hansen, "Colonial Economic Development with Unlimited Supply of Land: A Ricardian Case," *Economic Development and Cultural Change* 27 (July 1979), 611-27. In Hansen's two-good, three-factor model, traditional and modern sectors both use unskilled labor, but low-quality land is restricted to traditional farming, and high-quality land is limited to modern agriculture. A further extension incorporates an industrial sector. Most of the long-run results presented here are based on Hansen's comparative statics.

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ing mining, government and other modern services, manufacturing, and a large, surplus-producing modern agricultural sector. Virtually all of the capital is white-owned and nearly all management is white; so is most, but by no means all, skilled labor in these sectors. For conceptual purposes, the modern "white" component can be divided into four sectors: modern agriculture, the high-tech sector (high-technology manufacturing and service industries heavily dependent on imported technology or manufactures), mining, and non-high-tech manufacturing and services.

The traditional economy is largely that of the "homelands."[8] It consists predominantly of low-productivity peasant agriculture, but also includes a variety of service activities, both in the homelands and in the cities. Its output is mostly, but not exclusively, consumed by nonwhites: unskilled personal services consumed by whites (such as domestic labor) fit into this category. This sector uses few imported goods and requires little capital or skilled labor. It has virtually no manufacturing activity, and, with the exception of petroleum products in services (especially transport) and agriculture, uses few modern inputs. Consequently, sanctions other than an oil embargo cannot affect the traditional economy directly. Their impact instead will be indirect, either through declining demand or through an increasing supply of labor produced by rising unemployment in the modern economy.

At present, the South African economy is far from isolated. It enjoys a common market with three small neighbors, Botswana, Lesotho, and Swaziland (the "BLS" countries). But its influence does not stop there: neighboring Zimbabwe and Mozambique, and even more distant Malawi and Zambia are critically dependent on the modern South African economy for goods, services, trans-shipments of imports, and, to a considerable degree, capital.[9]

The importance of the labor linkages is evident. The majority of South African mine workers came from neighboring countries as recently as 1976; the proportion is still high. Large numbers of illegal workers have entered as well. But South Africa's dependence on imported labor pales by comparison to the importance that this employment flow has for the peripheral states. Migrant laborers from Lesotho constitute about one-fourth of that country's entire labor force; remittances from the 150,000

[8] By 1980, 53% of the African population resided in the homelands, a rise from 37% in 1960. See Merle Lipton, *Capitalism and Apartheid* (Totowa, NJ: Rowman & Allenheld, 1985), 380.

[9] This is particularly true in the mining industry (*ibid.*, 133-34). Also see J. H. Cooper, "South Africa and the Threat of Economic Sanctions," *South African Journal of Economics* 52 (No. 4, 1984), 266-81, at 277. For a detailed but slightly dated analysis, see Ann Seidman and Neva Seidman, *South Africa and U.S. Multinational Corporations* (Westport, CT: Lawrence Hill & Co., 1978), 174-92.

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migrants total about 40 percent of its GDP.[10] Employment in Botswana's formal sector in the mid-1970s was roughly equal to the number of its workers employed in South Africa, about one-third of the entire male labor force.[11]

Trade linkages are also tight. South Africa is the major trading partner of all of its neighbors (including radical Mozambique); in 1980, it was the second-major trading partner of Zambia. For the BLS countries, this dependency is extreme: in 1980 they obtained 90 percent of their imports from South Africa, including more than half of their total food requirements. The Southern African Customs Union (SACU) binds Namibia, the BLS states, and South Africa to common trade policies, and the customs revenue distribution system (administered by South Africa) provides the smaller countries with a major source of public revenue.[12]

Finally (although this paper does not dwell on the distinctions), it should be stressed (as Lundahl and Lipton do persuasively) that South Africa's white community is not monolithic. The split between those of Afrikaner and of British origin should be recognized, especially for its economic consequences. The governing National Party has a strong Afrikaner base; because of the Afrikaners' background as farmers and as semi-skilled workers, it may cater to the interests of these classes more effectively than to those of industrialists or professional workers. Nonetheless, the distinctions in the white community have become more blurred over time, and the government may weight the welfare of each of these groups fairly evenly.

The Impacts of Potential Sanctions

The world's developed capitalist economies (mainly the O.E.C.D. countries) have considerable leverage over the South African economy's growth performance as long as they act in concert. That they *would* act in concert still seems to be a remote possibility; in view of the degree of economic integration among the O.E.C.D. states, a lack of near-unanimity would hamper the effectiveness of sanctions. Indeed, even a unanimous O.E.C.D. boycott could be thwarted if some of the major newly industrialized countries (NICs) were uncooperative. Despite the difficulties

[10] James Cobbe, "The Changing Nature of Dependence: Economic Problems in Lesotho," *Journal of Modern African Studies* 21 (No. 2, 1983), 293-310, at 296.

[11] Christopher Colclough and Stephen McCarthy, *The Political Economy of Botswana* (Oxford: Oxford University Press, 1980), 171. Cooper (fn. 9), 276, provides a similar figure for Botswana, and also reports that about one-third of all Swazis in paid employment in 1976 worked in South Africa.

[12] Cooper (fn. 9), 270-71.

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of achieving a unified stance among the O.E.C.D. countries and the major NICs, however, much of the analysis below presumes the existence of such cooperation.

Sanctions could be directed against South African imports, exports, capital inflows, or any combination of the three; they could be uniform or aimed at specific sectors or commodities. Table 1 summarizes the likely effectiveness of various prospective sanctions.

South Africa's exports can be divided into four types: gold and diamonds (and other "nonstrategic" minerals), "strategic" minerals, manufactures, and agricultural products. Gold and diamonds are by far the most important, and also the most easily boycotted. Specific boycotts, such as one on Krugerrands, will be of little significance, however; there are many close substitutes and many alternate buyers, and gold can still be exported in unminted form. Restrictions on exports of strategic minerals probably would be more damaging to the O.E.C.D. countries than to South Africa, given the latter's importance as a producer of these materials. Many of South Africa's manufactured exports are purchased by its immediate neighbors or other developing countries: manufactured exports to the O.E.C.D. are relatively insignificant.[13] Finally, in view of the vast international market for foodstuffs and other primary products and the nearly perfect substitutability of different supplies of these commodities, O.E.C.D. sanctions probably would have but a minor effect on South Africa's agricultural export earnings. South Africa's agricultural export sector should find ample demand at prevailing world prices, even without O.E.C.D. purchases. Only the production of "luxury" fresh fruit and vegetables aimed at the European winter market will be highly susceptible to an O.E.C.D. boycott.

South Africa's imports can also be divided into four groups: oil, other primary commodities, manufactures of high technology goods or intermediates that face little competition from South African producers, and other manufactures. Again, a blanket embargo of O.E.C.D. exports to South Africa is probably undesirable, as many primary commodities and manufactured goods are reexported to South Africa's neighbors. In view of Zimbabwe's and the BLS states' extreme dependence on trade with the Republic, the West must seek to wound South Africa's modern economy without devastating its neighbors. Moreover, South Africa is quite capable of producing many manufactures that are currently imported. Although such import substitution presumably would entail losses in effi-

[13] In 1983, about 24% of South Africa's manufactured exports (beyond SACU) were bought by other African nations (calculated from Cooper, fn. 9, 268); in manufactures (excluding textiles and pulp, paper and paperboard), the African share amounts to 37%.

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ciency, these would hardly be of a magnitude that would induce South Africa's whites to reconsider their internal policies. Indeed, the main effect might be to speed up the pace of South Africa's industrialization, which has long been oriented toward import substitution, and which contains substantial intermediate and capital goods sectors. Such an outcome would make South Africa more self-reliant and, by means of autarkic policies, more capable of resisting sanctions.

Several types of investment restrictions are possible, including a variety of restrictions on financial involvement. Restrictions on nonfinancial investments include the prohibition of new direct investments by O.E.C.D. multinationals. Alternatively, O.E.C.D. owners of South African capital might be required to sell these assets (divestment). In theory, at least, they might also be required to cease operations and move nonstructural capital from South Africa (disinvestment). Such a measure seems remote, however: physical removal of capital probably would be prevented by the South African government; at the same time, little cooperation could be expected from the affected multinationals. Even investment sanctions that are less dramatic face serious obstacles. Some multinationals may avoid restrictions by channeling investment funds through subsidiaries in nonboycotting nations. More importantly, the South African government would probably retaliate by restricting remittances. Such restrictions would not be a radical departure, as they have long been imposed on South African residents.[14] Retaliatory restrictions on capital movements would be less likely, however, if only *new* investments were banned; the trade connections and information flows associated with continued multinational participation are valuable to South Africa. The South African government would not wish to provoke abandonment of the plants; nor would it wish to provoke attachment of South African assets held abroad. But problems concerning remittances of returns to nondivested assets may be a moot point, as the recession brought on by major sanctions is likely to eliminate the profits of most firms, at least in the short run.

Thus, of the 15 potential sanctions listed in Table 1, the majority (numbers 3, 4, 5, 7, 8, 9, 10, and 11) can be ruled out as ineffective or as resulting in unacceptable consequences for Western interests. Still, the remaining options are quite impressive. They include embargoes on high technology and oil exports, boycotts of gold and diamond exports, restrictions on new loans to and investments in South Africa, and conceivably, forced divestment by O.E.C.D. citizens and corporations of South African subsidiaries and shares in South African companies. The discussion below evaluates

[14] Lipton (fn. 8), 303.

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TABLE 1

EFFECTIVENESS OF POTENTIAL SANCTIONS AGAINST THE REPUBLIC OF SOUTH AFRICA[a]

Sanction	*Probable effectiveness if imposed*		*Key Drawbacks*
	Unilaterally by U.S.	*By all O.E.C.D. Countries*	
RESTRICTIONS ON WESTERN EXPORTS TO SOUTH AFRICA			
1. Petroleum products	low	modest (very high if observed globally)	Likely to be evaded by non-O.E.C.D. countries—highly effective if not evaded. Neighbors dependent on re-exporting.
2. High-technology products (computers, nuclear technology) and intermediates facing little competition from S.A. producers	moderate	high	Some goods have only limited use in many sectors.
3. Manufactures: consumer goods and intermediates that are produced in S.A.	low	low	While slight efficiency losses will occur, the boycott will boost S.A.'s import substitution manufacturing sector.
4. Agricultural products	low	low	Few essential items; much re-exporting.

[a] Effective sanctions are defined as those that cause significant declines in the real incomes of white South Africans.

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Sanction	Probable effectiveness if imposed: Unilaterally by U.S.	Probable effectiveness if imposed: By all O.E.C.D. Countries	Key Drawbacks
RESTRICTIONS ON WESTERN IMPORTS FROM SOUTH AFRICA			
5. "Strategic" minerals (platinum, chromium, etc.)	modest	moderate	Far more damaging to West than to S.A.
6. Gold and diamonds	moderate	very high	Unilateral U.S. action will mainly reroute trade patterns unless U.S. demand falls; in that case, impact will be considerable.
7. Manufactures	low	low	Except for processed primary goods that can be rerouted easily to other countries, S.A. exports few manufactures to the West.
8. Agricultural products	low	moderate	Many of S.A.'s agricultural exports have non-O.E.C.D. buyers to take up the slack. The sector also is labor-intensive.
9. Krugerrands	low	low	Presence of close substitutes and other buyers will result mainly in rerouting of trade in gold.

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TABLE 1 (continued)

Sanction	Probable effectiveness if imposed: Unilaterally by U.S.	Probable effectiveness if imposed: By all O.E.C.D. Countries	Key Drawbacks
RESTRICTIONS ON CAPITAL MOVEMENT			
10. Disinvestment: removal of non-structural, physical capital	high	high	Impractical: neither S.A. government nor Western M.N.C.'s would permit it.
11. Divestment: forced sale of South African subsidiaries and minority shares in S.A. firms	modest	moderate	Buyers (largely white South Africans) would reap windfall gains. Evasion may be significant as O.E.C.D. multinationals are likely to sell shares to unaffected subsidiaries.
12. Ban on new direct foreign investment	modest	moderate	Effects are mainly long-term. Evasion problems as in #11.
13. Ban on new loans to S.A. government	low	modest	Compositional shifts in S.A. capital market will deflect the impact.
14. Ban on new loans to S.A. firms and government, plus ban on direct investment	modest	high	Effects are mainly long-term.
15. Ban on new loans and on renewal of current debt	moderate	very high	Serious threat of default (and hence opposition by Western banking industry).

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these options, concentrating on the effects of sector-specific, or partial, sanctions. Effects of general measures would be a combination of the specific sanctions.

O.E.C.D. Boycotts of South African Gold and Diamonds and a Ban on O.E.C.D. Technology Exports

Gold and diamond exports from South Africa flow heavily to the O.E.C.D. countries, but a simple ban on their imports is likely to be circumvented by reexporting through nonboycotting countries. Furthermore, to the extent that the boycott was successful, it would cause gold and diamond prices to rise. As prices rose, South Africa would recoup part of its losses (assuming some reexporting occurs), and its major competitors—particularly the U.S.S.R.—would realize a windfall gain. Consequently, policies that reduce aggregate O.E.C.D. *demand* for gold and diamonds are more desirable and important than simply a ban on imports. Because a high proportion of both gold and diamonds is sold for inessential personal consumption, a ban or a hefty tax on private ownership would cause the goods' prices (and South African export revenues) to fall without doing major harm to the O.E.C.D. economies.

The effect of a unilateral U.S. gold and diamonds boycott would be far less significant than that of a general O.E.C.D. boycott, particularly if no efforts are undertaken to reduce demand. Since the products in question are highly homogeneous, the price discount required to induce nonboycotting buyers to accept South African (instead of other producers') gold or diamonds would be trivial. If consumers viewed the goods as virtually interchangeable, then a partial boycott would merely lead to new matchings of buyers and sellers, with little impact on South African export revenues.

The immediate result of a decline in the price of gold and diamonds (or of an effective boycott) would be to throw South Africa's balance of payments into disarray and to cause a severe contraction in the mining sector.[15] The contraction would result in the dismissal of many unskilled

[15] The model that serves a basis for this analysis is the multisector computable general equilibrium simulation model of the Indian economy. See Charles M. Becker, Edwin S. Mills, and Jeffrey G. Williamson, "Modeling Indian Migration and City Growth, 1960-2000," *Economic Development and Cultural Change* 34 (October 1986), 1-33. The Indian economy, as portrayed there, has strong parallels to the South African one: it has a modern urban services and manufacturing sector, accompanied by a large urban informal services sector; there is also a large rural sector—overwhelmingly peasant-populated—that corresponds to the South African homelands. The main adaptation that a long-run model of South Africa needs is to incorporate Hansen's assumption of "infinite marginal land" availability that leads to constant real unskilled wages, plus an assumption of restricted labor mobility (both skilled and unskilled) across some sectors (fn. 7). A more detailed discussion of a closely related model is provided in Allen C. Kelley and Jeffrey G. Williamson, *What Drives Third World City Growth? A Dynamic General Equilibrium Approach* (Princeton: Princeton University Press, 1984). Short- and

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black miners, along with some skilled white and black workers; unemployment would spread quickly via demand multiplier effects. Economic damage would be widespread: mineral royalties would fall, as would returns to capital, and skilled and unskilled wage rates; unemployment and bankruptcies would rise.[16] On the open economy side, a current account deficit would build, financed in part by short-term borrowing (if permitted) and trade credits.[17] In short, South Africa would be thrown into an economic crisis.

But the crisis would not be an equilibrium. The trade imbalance would force a devaluation of the rand, making exports more attractive in other sectors, particularly modern agriculture and manufacturing.[18] Rising import costs also would spawn the growth of domestic competitors. Expansion in the non-mining export and import substitution sectors would cause demand for labor to rise, and thereby stabilize the recession. It is important to recognize that the devaluation could be limited by massive short-term borrowing or by deliberate autarkic policies designed to curtail imports drastically. Although moves taken in these directions can be expected, they are unlikely to be sufficiently powerful to prevent significant devaluation. Politically powerful commercial farmers, among other groups, can be expected to be strongly opposed to autarkic moves.

What would be the net effect of these forces? And what would be the characteristics of the new equilibrium? First, it is clear that the economy as a whole would be worse off: the removal of a key export sector generating substantial rents causes import costs to rise and reduces total consumption and GNP. But the impact on the real income of particular classes is less easily predicted. Unskilled nonwhite workers will gain if the increase in labor demand from the expanding sectors exceeds the decreases in the declining industries. This net growth will occur if the expanding sectors are labor-intensive relative to the contracting ones, and if the rate at which they expand is more rapid (or nearly as rapid) as the shrinking sectors' rates of decline.[19] Whether these conditions will be met

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long-run consequences of shocks similar to those discussed here are presented in detail in Kelley-Williamson.

[16] The statements regarding unemployment and bankruptcies assume that a Keynesian open-economy model with flexible exchange rates operates in the very short run; the equilibrium models of Hansen (fn. 7) and Becker, Mills, and Williamson (fn. 15) are more appropriate in the medium and long term.

[17] This scenario does not hold in the unlikely event that the contraction causes an even greater decline in import demand than the initial fall in exports.

[18] The ability of South Africa's manufacturing sector to expand exports in the face of devaluation is unclear; certainly its short-run response to the September 1983 exchange decontrol was not promising. See "Adjustment and Recovery: 1981-1987," *Barclay's Business Briefs* (Johannesburg), January 1986, pp. 1-8.

[19] In a simple two-good, two-factor model (the Heckscher-Ohlin world), a rise in the price

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must be determined empirically; as no such studies exist, one can only guess at the likely results. Agriculture is certainly more labor-intensive than mining; on the other hand, its short-run supply may well be more inelastic because of the importance of critical, temporarily fixed factors of production (notably land). The growth of manufactured exports and domestic production offers less obvious conclusions, although second-round increases in demand for unskilled labor conceivably could more than offset the initial decline. The outcome will depend in large part on the willingness of the O.E.C.D. countries, South Africa's neighbors, and the rest of the world to *accept* unskilled-labor-intensive South African exports (or to invest in their production for domestic consumption in South Africa).

One should distinguish the effects of sanctions on black incomes from those on their incomes' purchasing power. Thus, even if unskilled black South Africans enjoyed rising real wages (when deflated by a national price deflator), they could become worse off if their major consumption goods experienced abnormally great price increases. Such an event might shift up the individual (and hence aggregate) labor supply curves of unskilled workers, causing a decline in employment.[20] In fact, however, the most rapid price increases would probably occur in import-intensive products (due to the devaluation), or in exported goods whose demand rose. Import-intensive products tend to be luxury and modern-sector goods; by contrast, expenditures of unskilled workers go primarily for food, housing, and services.[21] Even when the intermediate input effects are taken into account, these goods are unlikely to be import-intensive. To the extent that unskilled nonwhites compete with consumers in the

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of the labor-intensive good will cause the wage rate to rise relative to both commodity prices (Stolper-Samuelson theorem). For a readily accessible text, see Wilfred J. Ethier, *Modern International Economics* (New York: W. W. Norton, 1983), chap. 3. For a more rigorous discussion, see Miltiades Chacholiades, *International Theory and Policy* (New York: McGraw-Hill, 1978), chap. 10.

Ambiguity ensues in this case because the prices of key intermediate imports have risen in both sectors as well, causing the demand for labor to decline. As demand for South African exports is imperfectly elastic, and as net effects on the demand for labor depend on the price rise of the labor-intensive good relative to that of input costs, the O.E.C.D.'s attitude toward South Africa's labor-intensive exports could well determine whether real wages rise or fall. In the very long run, the wages of unskilled labor will be roughly constant, as they are determined by migrants' opportunity costs, which in turn depend on the (roughly constant) average product of peasant labor in the surplus land states surrounding South Africa (see Hansen, fn. 7).

[20] All of the models upon which the analysis has thus far been based assume fixed labor supply. Extension of the analysis to consider variable labor supply is in Howard N. Barnum and Lyn Squire, "Predicting Agricultural Output Response," *Oxford Economic Papers* 32 (November 1980), 284-94.

[21] This has been established so frequently as to be a commonplace. The most conclusive evidence, for a large number of countries, is given by C. Lluch, A. A. Powell and R. A. Williams, *Patterns in Household Demand and Savings* (New York: Oxford University Press, 1977).

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rest of the world, they would have to pay a higher price for food, but there is little reason to expect that their consumer prices would rise at a more rapid pace than other prices; they may well rise more slowly.

While unskilled blacks would suffer relatively limited losses in real income, most white classes would be hurt more severely. This is particularly true of owners of sector-specific mineral rights and capital in the mining industry. Skilled workers—black and white—would also be adversely affected, barring the unlikely case that growth in agriculture and manufacturing would lead to a net increase in demand for skilled labor. Because the goods consumed by high-income groups are relatively import-intensive, these groups would suffer on the consumption side as well.[22]

In the long run, capital formation and its sectoral distribution also will affect the demand for unskilled labor. As long as South African capital markets are reasonably well integrated into world markets, declines in the incomes of domestic capitalists and other high-saving groups will matter little—although foreign investors will be deterred by declines in the returns to capital in South Africa. Public policy, of course, may attempt to counter these declines by raising public savings rates. Still, a decrease in the rate of capital formation, and hence in growth in demand for labor, seems likely in the long run—but that is a very long run indeed.

The trick in attaining sanctions that do not impoverish the unskilled African labor force is simple. Sanctions imposed against sectors that use little unskilled labor have only minor effects on consumption if the products are not major budget items in low-income households. As the sanctions work their way through the economy, some sectors will expand; if these are labor-intensive ones, demand for labor (and hence real wages) may actually rise beyond the original levels. To realize this outcome, though, the O.E.C.D. countries should encourage rather than suppress labor-intensive sectors. It is important as well to recognize that initially the economic losses of unskilled blacks will be severe, and that their recovery will be only gradual.

Proscription of O.E.C.D. exports of key high-technology intermediate goods to South Africa is also a real threat, especially to the nonagricultural component of the modern economy. Such a ban would be particularly effective if it were combined with investment restrictions that limit South Africa's ability to engage in the production of import substitutes. To the extent (which may be considerable) that the loss of high-technology intermediates would force South African producers to purchase the

[22] The relative import intensity of high-income groups is due to their high expenditure shares of durable and luxury goods and low proportion of food shares. See *ibid.*

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goods from costlier domestic sources or to adopt less suitable modes of production, the modern sector would face rising costs and losses in efficiency. Once again, recession would strike the nonagricultural modern sector and spread quickly to the rest of the economy.

Here, too, the depression is not an equilibrium. As South African manufactures' costs and prices rose, consumers would seek to import goods that utilize the embargoed high-tech intermediates in their production processes. Indeed, the combined effect of the loss in South Africa's manufacturing exports and its growth in demand for imports that utilize the embargoed technology in their production processes (barring the imposition of extreme import controls) would be likely to exceed the decline in imports caused by the embargo. In that event, the rand would depreciate, inducing expansion in other export industries.

In equilibrium, the South African economy would experience three structural changes. First, there would be a boom in South Africa's small but growing high-tech sector. The beneficiaries of this import substitution would mainly be skilled labor; but, as the sector is small, the gain would not be great. Second, devaluation would cause expansion in nonmanufacturing exports—especially agriculture, which faces a highly elastic world demand.[23] The major beneficiaries would again be unskilled nonwhite workers (but also white landowners). Third, production processes in the nonagricultural modern sector would change. If we assume high-tech imports to be complementary with capital and skilled labor, but not with unskilled labor, we can expect production to become more unskilled-labor-intensive. The net effect would be to bid up wages and expand employment opportunities for unskilled nonwhites.

In summary, an embargo on exports of key intermediate goods to South Africa might generate real income gains for the unskilled nonwhite population in the medium run, both by altering factor-use intensities and by causing a shift in the structure of the South African economy toward unskilled-labor-intensive sectors. At the very least, the losses of unskilled nonwhites would be small relative to those incurred by the white population.

Trade Sanctions that Will Hurt Blacks: An Oil Embargo and Restrictions on O.E.C.D. Exports that Compete with South African Manufactures

Despite efforts to reduce dependence and despite the presence of the SASOL parastatal's oil-from-coal conversion plants, oil imports remain critical to the modern South African economy. No sector would escape

[23] Once again, the Stolper-Samuelson theorem applies.

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the consequences of an effective ban—but several of South Africa's neighbor states would be crippled as well. It may not be realistic, however, to anticipate an effective oil embargo because the O.E.C.D. is not a monopolistic supplier. It would be surprising if some suppliers were not willing to break the embargo, especially during a period of low oil prices.

An effective oil embargo would be far more likely to reduce real incomes of unskilled nonwhite South Africans than O.E.C.D. export restrictions on high-tech goods or import restrictions on South African gold and diamonds. Petroleum products are intermediates used in virtually all sectors, including agriculture (especially commercial farming) and the transport component of traditional services. The immediate result would almost certainly be a depression throughout South Africa that spared no sector.

It is not possible to predict whether the depression's effects on import demand and export supply would exceed the decline in imports caused directly by the embargo, and hence whether the rand would appreciate or depreciate. In the medium run, capital flight could easily cause depreciation (also, similar flights would accentuate the depreciations discussed above). If a devaluation did occur, sectors that produce those tradeable commodities that are least affected by increases in the cost of energy and petroleum products would expand.[24] Significant employment gains would also occur in the fairly labor-intensive coal mining industry, which would expand with the inevitable growth in synthetic oil production.[25]

To some extent, this expansion would increase demand for unskilled labor. Yet it is difficult to imagine that such a second-round effect would come close to offsetting the initial decline in returns to unskilled labor, which has been emphasized by opponents of sanctions. Commercial agriculture might expand, but in view of its need for transport and fertilizer, this labor-intensive sector also could remain mired in recession.

There can be little doubt that the South African government would react by attempting to pass the immediate effects of an oil embargo on to its neighbors by freezing re-exports of petroleum products. South Africa itself has concentrated heavily on synthetic fuels and oil stockpiling to reduce its vulnerability, but the fragile modern sectors of its neighbors would collapse quickly as oil supplies dried up. No analogous moves are

[24] The simulated effects of a comparable shock (the 1973 OPEC oil price increases) on a "representative developing country" are described in detail in Kelley and Williamson (fn. 15), 128. Although the price shock does cause an increase in the growth rate of agricultural output along with a pronounced decline in manufacturing, the impact of the oil cost increase appears to swamp the Stolper-Samuelson effect of a relative price increase of the most labor-intensive good.

[25] I am grateful to William Kaempfer and Anton Lowenberg for this point.

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possible in the case of high-tech sanctions, since South Africa's neighbors consume few such intermediates; neither are they possible in the case of a boycott of gold and diamonds, which involves a reduction in South African exports.

A still more dubious trade sanction would be a ban on O.E.C.D. exports of non-high-tech manufactures. South Africa imports a wide range of goods that it either can or does produce, including both final consumer goods and non-high-tech intermediate products. Since these goods face competition from South Africa's own industrial sector, the recessionary impact of a trade embargo would be limited. Costs of "low-tech" manufactures would be driven up, and some industries might initially contract. But employment growth in the import-competing industries would offset many of the losses, both for skilled and unskilled labor. The effects would be especially limited if the embargo were not accompanied by a ban on new investments by O.E.C.D. multinationals, which would reduce the import substitution response.

The impact on the rand would be similar to that of a protectionist drive by domestic manufacturers. Imports would fall, and the rand would revalue upward. Production in export sectors (most notably in commercial agriculture) would decline, causing job losses there. As agriculture is more labor-intensive than import-competing manufacturing, second-round effects would further reduce total demand for unskilled labor, and hence reduce real wages for unskilled nonwhites.[26] In effect, the embargo would cause a shift from relatively unskilled labor-intensive sectors to skilled labor- and capital-intensive sectors. Rising income inequality would therefore reinforce the initial losses caused by rising costs of manufactured goods.

Restrictions on Borrowing and Direct Investment

The collapse of both gold and diamond prices in recent years has contributed to a serious contraction of the South African economy. To a large degree the resulting balance-of-payments difficulties have been met by short- and medium-term borrowing from abroad.[27] Indeed, the combination of foreign debts and low export earnings has brought about renegotiations with major Western creditors.

Western banks have no wish to cripple the modern South African

[26] In addition to raising the cost of intermediates to many sectors, the embargo effectively raises the relative prices of capital-intensive goods; Stolper-Samuelson effects now work to raise skilled wages and capital rents, and to reduce unskilled wages.

[27] South Africa's foreign debt rose from $18.0 billion in mid-1981 to $23.7 billion in late 1985—a period of stagnant GNP. See "Adjustment and Recovery: 1981-1987," *Barclays Business Brief*, January 1986, p. 6.

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economy and thus lose hope of recovering a multi-billion dollar debt. Consequently, they will resist taking steps that reduce their chances of repayment, and will probably roll over the debt until South Africa's fortunes improve. On the other hand, they are unlikely at present to advance additional loans beyond those necessary to protect the principal.

Pressure by O.E.C.D. members on their banking industries to continue to restrict loans to South Africa may become an important component of sanctions, especially if the banking industry were to become less wary as recovery ensued. After a number of years of sanctions, however, South Africa's neighbors may not be able to avoid collapse; economic restrictions may therefore not represent a feasible long-term policy. If import bans on gold and diamonds result in a depression for the entire region, it is important that South Africa not have access to world capital markets that would enable it to "wait out" its more vulnerable and less creditworthy neighbors. Investment restrictions are also indispensable in reinforcing trade sanctions, particularly for goods and services in which import substitution is feasible.

Divestment is not an obviously desirable sanction. Forced sales of the multinationals' South African subsidiaries would attract only a small number of (largely white South African) buyers, who would then be in a position to reap windfall gains. The gains would be reduced (but the reduction would be borne mainly by the South African economy as a whole and by the divesting firms) if divestment were accompanied by restrictions on exports of intermediate inputs to South Africa. In that case, the newly independent ex-subsidiary would have to locate new suppliers and, in some cases, export markets. The value of the divested plant would also be reduced by political unrest, though again this loss would be borne mainly by the divesting firm and the entire South African economy. Divestment by only a single country's multinationals would reduce the impact on sale prices, since unrestricted multinationals would purchase a portion of the divested subsidiaries, thereby partially maintaining demand. If a divesting firm followed a code such as the Sullivan Principles (encompassing provisions for desegregation of the workplace, fair employment, and on-the-job training), divestment would make its black labor force worse off, since the new owners are unlikely to be even half-hearted opponents of apartheid. The only way in which divestment would directly hurt the modern South African economy (and even then, not all whites) is by reducing the rate of capital formation—which could be accomplished as readily by a ban on new investments.

While the direct effects of divestment would lower South African productivity only in the long run, its most dramatic effects may be indirect. A major divestment push would make international lenders reluctant to

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extend loans to South Africa, especially medium-term ones. Divestment implies a loss of Western control over the South African economy; hence, prospects for reformist measures that move toward a compromise would become more remote unless the government takes conciliatory measures. Thus, capital markets would react particularly strongly to divestment measures if the South African government responded with a nonconciliatory posture.

O.E.C.D. restrictions limited to new investments would eliminate the need for forced sales and the accompanying windfall gains by South African investors. Since a ban on new investment could be extended to cover replacement investment, it also could eventually lead to a greatly diminished presence by multinationals, and to a permanently lower capital stock in South Africa. On the other hand, the South African government might well respond by limiting repatriation of profits, thus restricting the level of capital outflow.

Investment sanctions, if effective, would work to reduce the rate of capital formation in South Africa. As smaller quantities of capital per worker would reduce labor productivity, and hence demand for labor, and hence wages, one would expect real incomes for both skilled and unskilled workers to drop as a result of the sanctions. Since skilled labor appears to be more complementary (i.e., closely tied) to capital than does unskilled labor, skilled workers are likely to experience greater rates of decline in real wages than unskilled workers.[28] The effect on incomes of South African capitalists is not clear. The greater capital scarcity that results will drive up its rental rate; but, to the extent that the multinationals' capital is located in noncompeting industries which produce intermediates for South African-owned industries, returns to capital will fall.

Divestment by multinationals has been the target of virtually all sanctions campaigns to date. To some degree, the campaigns may have discouraged new investments in South Africa, thereby reducing short-term capital inflows and causing the rand to settle at a lower rate. But even if corporate investment decisions were not actually changed, the campaigns may have had an impact. If holders of rand-denominated savings merely *anticipate* that such campaigns will have some success, they may also anticipate a devaluation of the rand, thus making it relatively attractive to hold their savings in dollars or pounds. The decline in the expected rate of return on rand-denominated savings may then lead to currency flight, which would actually cause the rand's value to decline. A speculative

[28] This complementarity result is the key finding from the seminal cross-country multi-skill production functions estimated by P. R. Fallon and P.R.G. Layard, "Capital-Skill Complementarity, Income Distribution and Output Accounting," *Journal of Political Economy* 83 (April 1975), 279-301.

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"bubble" run on the rand may ensue (with real, damaging macroeconomic effects); while ultimately unstable, this may prove difficult to "pop."

Expectations of the rand's depreciation caused by a decline in capital inflows will motivate even those firms uninterested in opposing apartheid to take the actions desired by the sanctions campaign. Capital flight by South Africans is severely restricted, but multinationals have a fair amount of leverage concerning the currency in which they hold liquid assets. If they expect the rand to depreciate, they will be reluctant to hold it; this reluctance will further contribute to its depreciation.[29]

Sales of stock by shareholders who do not influence liquid asset decisions are likely to have only a modest impact. As long as there is a pool of investors who do not care whether their stock holdings are in firms with or without South African subsidiaries, and as long as demand from this group is greater than the value of shares issued by O.E.C.D. firms that have South African subsidiaries, sales by "concerned" shareholders will have little impact on share prices. Nonetheless, many firms do seem to be susceptible to public pressure and may alter investment decisions as a result; to a degree, these investment opportunities may not be seized immediately by less readily influenced firms.

There is a final, important point to be made on investment sanctions. Unless technology transfer is a key component of investments, the South African economy will be adversely affected by reductions in capital accumulation rather than by declines in foreign investment *per se*. Consequently, there is little reason to ban investments by multinationals that are financed by borrowing from South African capital markets, as long as sanctions on liquid capital investments effectively segregate the South African capital market from world capital markets (or, in today's environment, when new loans from the West have dried up). On the contrary, if investments by O.E.C.D. multinationals can be directed into labor-intensive activities (not a likely event), and if the multinationals can be induced to abide by a code such as the Sullivan Principles, it may be desirable to *promote* South African investments by multinationals.

Restrictions on Employment Practices by Subsidiaries of O.E.C.D. Multinationals

Employment codes such as the Sullivan Principles have two main objectives. The first is to raise wages for nonwhite workers, usually to parity

[29] In fact, even if a particular firm doubted that the sanctions campaign will directly effect investments, should it nonetheless conclude that other rand holders *believe* that it will, it would have an incentive to reduce rand holdings.

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with whites performing similar tasks. The second is to increase the share of nonwhites in skilled-labor positions, often through firm-sponsored training programs.

Wage increases obviously directly benefit those who receive them, both skilled and unskilled workers. Moreover, one would expect few layoffs in the short run, since such a move would attract unfavorable publicity. Nevertheless, they may change the behavior of affected multinationals. Firms faced with higher wages should seek to raise labor productivity by not filling vacancies and speeding up the pace of work over the medium run, and by introducing labor-saving innovations over the long run. Although aggregate income for the nonwhite community almost certainly would be greater in the presence of widespread fair employment codes, substantial unemployment may result, especially for unskilled workers. If unskilled wages at the margin are tied to peasant productivity in the homelands and in the surrounding countries, the unemployment problem diminishes in the long run. Then, if turnover rates in firms following fair employment codes are low (as seems reasonable), any reduction in modern-sector employment will be offset by a decline in migration to urban areas, so that open unemployment will be virtually unaffected.[30]

The effects of massive adoption of the Sullivan Principles on nonwhite skilled labor are unambiguously positive, since growth in labor demand caused by fair hiring practices will more than offset skilled-labor-saving innovations.[31] Moreover, although skilled nonwhite workers live far above the level of unskilled nonwhites, it is important that policies that benefit them be included in a general sanctions program. Virtually all other measures would reduce the employment and real incomes of skilled workers; in view of white political dominance, the costs would be borne disproportionately by skilled blacks.

Even if other sanctions are not imposed, codes that expand demand for and supply of nonwhite skilled labor are important to those who retain hope for evolutionary change. It is doubtful (although not inconceivable) that economic apartheid can withstand the rise of a nonwhite middle class that engulfs the white skilled labor force. Indeed, the growth of the nonwhite middle class has already been dramatic: between 1960 and 1980, the nonwhite professional and technical labor force grew at a rate

[30] The assumptions stated here prevent unemployment of the Harris-Todaro type, in which migration, and hence unemployment, responds to a rise in the average modern-sector wage rate. See Ake Blomqvist, "Urban Job Creation and Unemployment in LDCs: Todaro vs. Harris and Todaro," *Journal of Development Economics* 5 (March 1978), 3-18.

[31] Indeed, if skilled labor is a substitute for unskilled labor, as Fallon and Layard (fn. 28) find, then efforts to conserve on unskilled labor will cause demand for skilled labor to increase further.

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of 7.3 percent annually, along with 11.6 percent growth for clerical workers and 7.2 percent growth for sales workers.[32] These figures translate into a rise in the nonwhite share of total professional/technical employment from 33 to 43 percent, as well as rises in the share of total clerical employment from 12 to 40 percent, and in sales employment from 39 to 56 percent. Only managerial/administrative positions showed no (in fact, negative) gains in the nonwhite share in total employment.

If growth of this magnitude continues, three economic forces combine to threaten the continuation of apartheid. First, the nonwhites' share in total personal income will continue to rise above its 1980 value of 40 percent,[33] making the white community more susceptible to commercial boycotts by blacks; recent boycotts in Port Elizabeth and elsewhere have shown that the white business community is extremely vulnerable. Second, the costs of apartheid to firm efficiency will rise as skilled jobs become racially integrated. As more skilled occupations are opened to nonwhites, cost savings will occur if skilled nonwhites are hired at lower wages than whites'. Firms that continue to avoid hiring blacks will thus find themselves increasingly at a competitive disadvantage. (However, full wage parity for skilled blacks, whether due to employment codes or pressure by white trade unions, will reduce the gains from hiring nonwhites, and hence the incentive to do so). Third, noncompetitively high white wages will be jeopardized by the emergence of firms that hire competitively priced nonwhites.

The leaders of South Africa's ruling National Party are not blind to these forces. While they may welcome the emergence of a black middle class with a stake in the smooth functioning of the South African economy, they have thus far successfully channeled this black middle class to curtail its economic ascendancy. Most striking have been the restrictions on nonwhite businesses and entrepreneurial development that serve to keep commercial power white. The asymmetric growth of the nonwhite middle class limits both the potential of internal boycotts and the emergence of competing firms.

The evolutionists believe that the barriers cannot be sustained indefinitely, and that apartheid will eventually collapse from internal pressure—accelerated by the imposition of enlightened employment practices by Western multinationals. They point to recent history to document the changes. Skeptics, on the other hand, believe that the National government is too wily and resilient to permit change that would weaken its grip on the nation. This group, too, can cite recent history to demonstrate the National government's intransigence.

[32] Lipton (fn. 8), 383-84.

[33] *Ibid.*, 386.

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Sanctions and South Africa's Neighbors

South Africa's neighbors are far more vulnerable to sanctions against South Africa than the Republic itself. These countries' modern sectors—(state) capitalists and wage earners alike—would suffer from many of the sanctions that could reduce white South African incomes. Their production depends on South African re-exports for many key intermediates, as well as on a large number of South African goods and services.

The measures discussed earlier would affect the neighboring countries in various ways. Adoption of employment codes would have only minor effects on the periphery, even in the long run, while restrictions on oil imports would represent the other extreme because South Africa supplies all of the BLS states' and much of Zimbabwe's and Zambia's petroleum products.[34]

A boycott of South African gold and diamonds will lead to mining layoffs, and migrant workers would probably be hit hardest.[35] The short-run problems of absorbing returning workers and of declining remittances are bound to be severe. But repatriation need not give rise to extended chaos. Malawi has absorbed an extremely large influx of returned miners in a short time while recording a rising output per smallholder.[36] The driving force underlying Malawi's success has been its promotion of export-oriented plantation agriculture favoring labor-intensive crops; provision of agricultural infrastructure and an emphasis on labor-intensive industries have also been important. While Malawi's experience does not guarantee that no problems will occur, it does indicate that if South Africa's neighbors follow employment-oriented growth strategies, they may have little difficulty absorbing returned migrants.

O.E.C.D. bans on exports of manufactured goods to South Africa may

[34] South Africa supplies all of the BLS states' and much of Zimbabwe's and Zambia's petroleum products. In the long run, only Lesotho is completely dependent on South Africa for its petroleum, but disruptive military operations by South Africa may keep this long run perpetually on the horizon for the other peripheral states as well. See Cooper (fn. 9), 279.

[35] South Africa already has been attempting to reduce the foreign component of its miners. This share peaked at 79% in 1973 (297,000 of 379,000), but fell to 42% by 1982 (190,000 of 448,000). See Lipton (fn. 8), 385. Ironically, further reductions may make the periphery less susceptible to being held hostage by South Africa in case of sanctions.

[36] This rise is reported in internal World Bank documents. Average real wages in the formal sector declined in the 1970s, but this appears to reflect massive entry at the low end of the job scale, and hence a diminution in average skill level. See Robert E. Christiansen and Jonathan G. Kydd, "The Return of Malawian Labour from South Africa and Zimbabwe," *Journal of Modern African Studies* 21 (No. 2, 1983), 311-26, for a detailed analysis of Malawi's absorption of returned migrants. Many, but not all, of the returnees came from South Africa. Malawian employment in the South African mines peaked in 1972 at 120,000; this number fell to zero by 1976 in response to the Malawian government's prohibition of contract employment in South Africa after a plane crash in 1974 that killed 74 returning miners. In all, Christiansen and Kydd (p. 321) estimate that net Malawian male in-migration between 1966 and 1977 was 175,000, over 18% of the total male labor force in 1966.

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have only modest effects. Costs of re-exports and of South African manufactures will rise, though the price of imported food will fall if the rand devalues. Only in Zimbabwe may domestic manufacturing get a substantial import substitution boost from the cost increases, and even there only for non-high-tech manufactures. Following an embargo on high-tech exports, employment may expand in commercial agriculture and mining, which, over the medium run, may lead to net gains in migrant employment in South Africa, and hence to increased remittances.[37]

Since southern African labor markets are interconnected, sanctions that benefit unskilled South Africans are likely to benefit unskilled workers in the peripheral states, unless the South African government consciously attempts to favor one group (probably its own unskilled) over another. Gains or losses to skilled nonwhites throughout the area also move together. The fortunes of skilled workers are linked to the fortunes of the modern sectors, and sanctions tend to have similar effects (although not necessarily equal in magnitude) on modern sectors throughout the region.

The impact of financial and fixed capital investment sanctions on South Africa's periphery has received little attention. A short-term credit crunch for the Republic of South Africa need not imply liquidity crises elsewhere, but it is important to recognize that southern African capital markets are partially integrated, especially within the SACU, since private investments flow across borders. Consequently, if the O.E.C.D. tried to offset the effects of sanctions on the BLS states or Zimbabwe by providing loans, there might be a significant credit leakage back to South Africa.

Under carefully guided circumstances, however, restrictions on direct investments could prove to be a boon to South Africa's periphery. At least some multinationals who desire access to the southern African market should find it profitable to set up *near* South Africa, especially in the BLS states linked by the customs union. Rapid economic expansion, especially in Botswana, Swaziland, and Zimbabwe, and possibly in Zambia, would generate growth in skilled and unskilled employment, skills accumulation, and added tax revenue that could translate into infrastructure improvements. Furthermore, as Lewis has pointed out, an initial investment spurt tends to attract further investments in LDCs, mainly because of the realization of economies of scale in infrastructure.[38]

[37] Similar employment expansion in agriculture may accompany a boycott of South African gold and diamonds. However, since mining wages are nearly twice as high as agricultural ones, remittances are likely to fall in this case.

[38] Lewis (fn. 7).

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Toward a Viable Sanctions Strategy

In the preceding pages, I have sketched the main impact of various sanctions that may be imposed against the Republic of South Africa. Each has a number of results, and only empirical work can arrive at reasonably precise estimates of the consequences; this paper can merely provide surmises of the direction of net effects. Although some of the differential consequences of sanctions could be counteracted by redistributive measures on the part of the South African government, the increased disaffection and violence that such measures would provoke do represent a clear cost. In any case, some results are clear.

First, many sanctions can be ignored because they are infeasible, or because they can easily be circumvented. Boycotts of rare, strategic minerals exemplify the former, and boycotts of South African agricultural exports exemplify the latter. Restrictions on exports of non-high-tech manufactures from the O.E.C.D. countries are also likely to have little impact.

Second, some sanctions may prove to be catastrophic both for South Africa's neighbors and for the Republic's nonwhite population. An oil embargo is perhaps the only measure in this category, although the short-term effects of an O.E.C.D. boycott of South African gold and diamond exports may be almost as great.

Third, and most important, it does appear possible to design a set of economic sanctions directed against white South Africa that need not devastate nonwhite South Africans or South Africa's neighbors. A combination of restrictions on O.E.C.D. exports of high technology manufactures to South Africa and on South African exports of gold and diamonds (and curtailment of consumer demand for these goods) may have few negative effects on real incomes of unskilled nonwhites over the medium run, although short-run effects could be severe. If short-term borrowing restrictions, limitations on new investments, and employment codes were added, the cost of maintaining apartheid would no doubt be great for white South Africans, while real incomes of unskilled nonwhites might decline only modestly. If sanctions were imposed gradually, real incomes of nonwhites would decline even less, but the capacity of the modern South African economy to deal with the shocks would be increased.

Practically all sanctions will shrink the value of production by the South African economy, and thus reduce returns to all factors of production, including unskilled labor. The goal should therefore be to impose sanctions that have a labor-using bias by causing relatively labor-intensive sectors to expand or by causing production techniques within a sector to become more labor-intensive. Sanctions on minerals and technology appear to be capable of causing this shift, possibly to the extent of over-

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coming the wage decreases caused by rising import costs and the evaporation of export markets. Selective sanctions that prohibit investment in capital-intensive areas but encourage multinational investments in labor-intensive activities would further accentuate this bias.

The West will have to bear a cost for the imposition of effective sanctions. While it is essential that the modern sectors of South Africa's neighbors not be ruined, investment shifts by multinationals cannot be expected to be adequate for this purpose, particularly in the short run. Considerable aid will be needed to help this group weather the storm. Such assistance should not consist of gifts of consumption goods; it should be aimed at increasing the productive (and hence employment) capacities of these countries. In addition to investment incentives to multinationals, it is important to develop indigenous entrepreneurs and to reform and revitalize the state-enterprise (parastatal) sectors.

Indiscriminate investment incentives, however, may result in O.E.C.D. multinationals seizing opportunities in the peripheral states that would otherwise be taken by South African investors. Because of the capital market linkages, much of the net increment to southern Africa's capital stock would then end up in the modern South African economy, thereby strengthening the apartheid regime. Instead, O.E.C.D. aid to the peripheral states should aim to have positive second-round effects—that is, to induce capital flight from South Africa to the periphery in complementary investments. It is public infrastructural capital that will be most likely to attract further capital from South Africa; infrastructural investments are also those the peripheral governments are least able to generate without assistance.

Indeed, given the customs union, it is largely the superiority in infrastructure and (until recently) the relative political stability of South Africa that makes it more attractive to international investors than its neighbors. In the latter countries, there is no protected, uncompetitively priced group of white workers; production costs would therefore be lower outside South Africa if nonlabor inputs could be obtained on comparable terms. Thus, it should be a constructive goal of O.E.C.D. governments opposed to apartheid to promote the competitive positions of South Africa's neighbors, for the productive inefficiency of apartheid will then work most strongly to undermine the system.

Although the promotion of infrastructural development designed to attract private capital to South Africa's neighbors is expensive, it has the advantage of being complementary to the Reagan administration's emphasis on private enterprise in Africa. Moreover, it has the additional advantage of being partially effective even if the O.E.C.D. countries fail to

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take unified steps, thereby diminishing the effectiveness of most sanctions. In combination with economic measures against South Africa, it may serve to demonstrate the power of "the international potential of nonviolence . . . to bring peace and justice to South Africa by a massive movement for economic sanctions" envisioned by Martin Luther King, Jr.[39]

[39] Unpublished Speech at the South African Benefit of the American Committee on Africa Protest Rally (New York, December 10, 1965), cited in Lewis V. Baldwin, "The Vision of Martin Luther King, Jr. and the Apartheid System of South Africa," mimeo (Nashville: Vanderbilt University Department of Religious Studies, 1986).

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THE COMRADES AND THE COUNTRYSIDE:
The Politics of Agricultural Policy in Zimbabwe

By MICHAEL BRATTON*

THE crisis of food production in Africa demands that social scientists devote attention to the agricultural policies of African governments. Hunger and famine derive not only from natural catastrophe but also from policy decisions that shape the opportunities faced by farmers. The prevailing view among economists is that the administrative determination of agricultural prices in Africa creates disincentives to production. It is now widely accepted that the overvaluation of national currencies encourages food imports, and that the provision of subsidies to urban consumers prevents the payment of attractive prices to rural producers.[1] This pattern of policy choice results, according to some political scientists, from the exertion of influence by prominent social groups, usually an alliance among bureaucratic and industrial elites and urban consumers.[2] The resultant regime of agricultural policies serves to undermine the basic interests of agricultural producers, largely because their voices are only weakly articulated into the policy process.

A consistent theme of current analysis is that "politics" is pathological because it permits the intrusion of special, nonagricultural interests. The expression of particular demands and the political calculations of leaders are seen as irrational tendencies that give rise to inefficient decisions. A

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[1] The World Bank, *Accelerated Development in Sub-Saharan Africa: An Agenda for Action* (Washington, DC: The World Bank, 1981), and *Towards Sustained Development in Sub-Saharan Africa: A Joint Program of Action* (Washington, DC: The World Bank, 1984); Carl K. Eicher, "Facing Up to Africa's Food Crisis," *Foreign Affairs* 61 (Fall 1982), 151-74.

[2] Robert H. Bates, *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies* (Berkeley and Los Angeles: University of California Press, 1981), and *Essays on the Political Economy of Rural Africa* (Cambridge: Cambridge University Press, 1983); Michael F. Lofchie and Stephen K. Commins, "Food Deficits and Agricultural Policies in Sub-Saharan Africa," *Journal of Modern African Studies* 2 (No. 1, 1982), 1-26; Jonathan Barker, ed. *The Politics of Agriculture in Tropical Africa* (Beverly Hills, CA: Sage, 1984).

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commonly suggested solution is to allow free reign to "economics" in the form of market forces. Indeed, the prescription dispensed by the International Monetary Fund, the World Bank, and Western bilateral donors for the ills of African agriculture is a purgative dose of market liberalization. By reducing the reach of the state and by "getting the prices right," so goes the argument, producers and consumers will come to allocate scarce agricultural commodities in an efficient manner.

In practice, however, the insistence that policy be formed only by considerations of economic rationality falls on inhospitable terrain in Africa. The state is the decisive institutional edifice in the postcolonial era, and the resources at its disposal are the largesse by which political leaders maintain themselves in power.[3] African political leaders tend to view economic development as a matter of allocating material resources rather than as a set of measures to ensure a maximum development effect.[4] Political expediency plays a formative role in policy choice, with leaders using the distribution of resources as a device to attract political support, nullify opposition, and remain in control.

In reality, then, distribution will continue to be the prevailing value in African politics. Under these circumstances, actual policy choices are likely to result from the interaction of economic principles with political calculation. A framework for studying this interaction is proposed in this article. At the same time, an argument is made that politics is not always the villain of the piece. In some cases, organized interest groups push policy in the same direction as do market forces and in so doing help to ensure that economically sound decisions are reached. In other cases, the responsiveness of politicians to followers provides the impetus to policy decisions that are not justifiable in terms of short-run returns, but which promise substantial benefits in the long run.

A case study of agricultural policy in Zimbabwe is used in this article as a vehicle for investigating these issues. Zimbabwe is an interesting case because it departs from the stereotype of disastrous agricultural policy usually portrayed for Africa. During the period from political independence in April 1980 to the parliamentary elections of July 1985, farmers in

[3] Henry Bienen, *Armies and Parties in Africa* (New York: Africana Publishing Company, 1978); Michael Bratton, *The Local Politics of Rural Development: Peasant and Party-State in Zambia* (Hanover, NH: University Press of New England, 1980); Nelson Kasfir, ed., *The State and Class in Africa* (Totowa, NJ: Cass and Co., 1984); Thomas Callaghy, *The State-Society Struggle: Zaire in Comparative Perspective* (New York: Columbia University Press, 1984).

[4] David K. Leonard, *Reaching the Peasant Farmer: Organization Theory and Practice in Kenya* (Chicago: University of Chicago Press, 1977); Richard Heaver, "Bureaucratic Politics and Incentives in the Management of Rural Development," *World Bank Staff Working Paper No. 537* (Washington, DC: The World Bank, 1982); David K. Leonard, "What is Rational When Rationality Isn't?: Comments on the Administrative Proposals of the Berg Report," *Rural Africana* 19-20 (Spring-Fall 1984), 99-111.

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Zimbabwe were able to speak out and to be heard. The government moved quickly to set prices and deliver services that were attractive to producers, including smallholders. The result was a rapid and positive production response and the achievement, in all but the worst year of continent-wide drought, of national food self-sufficiency.

Why, in this case, did politically driven decisions lead to a relatively favorable policy regime and a measure of success in agricultural development? What are the institutional factors that account for Zimbabwe's distinctive performance and that might point a direction for positive policy reform elsewhere in Africa?

As is well known, the passage to independence in Zimbabwe radically shifted the balance of parliamentary and executive power from white settler colonists to black nationalists. The Zimbabwe African National Union-Patriotic Front (ZANU-PF) under the leadership of Robert Mugabe acceded to its position of dominance by means of an exhausting seven-year guerrilla insurgency. Although the transfer of power was ultimately legitimized by a constitutional conference and a convincing electoral victory, the decisive struggle between opposing forces took place in rural localities. Because the power base of the party was a mobilized peasantry, and because electoral promises were made to fulfill a peasant political program, ZANU-PF found itself under extraordinary pressure to respond to mass demands from the countryside. The "comrades"[5] had their own firm ideas about socialist agriculture, but they relied for support on an independent peasantry that clamored for new market opportunities.

Another feature of the transition was the extent to which the institutions of the colonial state survived intact. A constitutional agreement was hammered out at Lancaster House, London, in 1980 that set parameters within which the revolutionary government could act. The constitution included a bill of rights to guarantee freedom of association and provisions to ensure that elections were held every five years. The intent of these arrangements was to maintain a relatively open political climate in which parties and interest groups could compete and in which government could be held periodically accountable. In practice, as shown below, agricultural interest groups were able to organize in the immediate post-independence period and to make active use of the available room for maneuver. The constitution also provided for the establishment of commissions to oversee the appointment of public and judicial officials. The objective was to ensure that the new government would have access to a

[5] "Comrade" is a common form of address in Zimbabwe for party officials and others deemed progressive.

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functioning public bureaucracy imbued with norms of neutrality and professionalism. In practice, as discussed in the text, the bureaucracy performed as the conduit through which considerations of cost-benefit calculation were brought to the surface within government. The structure of political institutions in Zimbabwe in the early 1980s therefore restrained the tendency seen in political systems elsewhere in Africa for decision making to become overcentralized and arbitrary.[6] Instead, the institutional context ensured that considerations of both economic rationality and organized political interest could be inserted into the policy process.

Framework

Four selected policies—producer prices, land reform, agricultural services, and bureaucratic growth—lie at the core of agricultural development strategy. Beyond the intrinsic importance of the subject matter, however, there is a theoretical reason for studying these policies. The choice and performance of policy in Zimbabwe has been in each case the result of a different combination of political and economic calculation. According to the formula presented in Table 1, the determinants of policy choice are whether a proposed policy measure has demonstrable economic benefit and an organized political constituency.

The conceptual framework proposed here is plainly elementary. No

Table 1
Political and Economic Factors in Agricultural Policy Choice in Zimbabwe 1980-1985

	Factors				
	Economic Efficiency		*Political Pressures*		
Policy	*Yes*	*No*	*Yes*	*No*	*Choice*
Raise producer prices	x		x		Reform
Redistribute land		x		x	Stalled Reform
Reorient agricultural services		x	x		Reform
Curb bureaucratic growth	x			x	No Reform

[6] Richard Sklar, "Reds and Rights: Zimbabwe's Experiment," *Issue: A Journal of Africanist Opinion* 14 (Fall 1985), 29-31; Masipula Sithole, "Experiences With Democracy: The Case of Zimbabwe," in Seymour Martin Lipset, Larry Diamond, and Juan Linz, eds., *Experiences with Democracy in the Third World* (forthcoming, 1987).

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attempt is made to weigh the relative strengths of economic and political influences around a particular decision, for, to my knowledge, there is no common currency by which these influences can be counted and compared. In any event, the distinction between political and economic calculation should not be blurred because each originates from conceptually distinct models of reasoning. On the one hand, economic rationality is the approach of the economic planner who applies standardized tests to determine maximum output for least cost. On the other hand, political rationality derives from the world view of politicians who assess particular policy measures in light of the impact on their own political support and survival.

We therefore proceed with a simple set of categories. As defined here, "political pressure" denotes the presence of a vocal and organized domestic political lobby in support of a government policy initiative. "Economic efficiency" refers to a positive ratio of expected benefits to known costs in the short term. Despite its simplicity, the construct captures the essential tension embodied in every public policy choice and thus is useful for analytical purposes. We explicitly recognize that a resolution of tension is often achieved by "trading-off" long-run benefits in one sphere for short-run benefits in another.

Economic efficiency and political pressure may either reinforce or crosscut. Where both popular demand and cost-benefit calculation indicate a particular policy choice, it is to be expected that that choice will in fact be made. The impetus of political rationality in this case helps to drive public decisions in a market-conforming direction. There is no disaffected interest group with sufficient influence to resist the compelling logic of the choice.

The more interesting question is what happens when optimality and feasibility collide. It happens frequently that planners and politicians disagree on what constitutes a rational decision. The policy choice is much more uncertain in cases in which there is conflict between competing decision criteria. As might be expected, the Zimbabwe case indicates that political considerations tend to prevail.

Take, for example, the burgeoning of public bureaucracy. After independence in 1980, the government of Zimbabwe established several new ministries, including two with briefs in agriculture and rural development. Between 1981 and 1984, hiring and inflation caused the public-sector wage bill to escalate by 66 percent.[7] The conditions for a standby agreement with the International Monetary Fund in 1983 were widely

[7] *The Herald* (Harare, Zimbabwe), September 21, 1984.

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rumored in Harare to include a brake on further expansion of the government establishment and the merger of overlapping ministries. The prime minister denied that such conditions existed, but conceded that the IMF had asked for the containment of public and private wage increases.[8] A freeze was imposed on civil service hiring in September 1983 and a limited organizational consolidation was effected as part of cabinet reshuffles in January 1984 and July 1985. In practice, however, no civil servant was found redundant and dismissed from work. On the contrary, an extra layer of administrative apparatus was added in February 1984 in the form of provincial governors for each of the eight rural provinces.

The argument for reducing the extent and cost of public administration made sense in terms of efficiency, but it failed to address several key political requirements. Political leaders wished to extend social services to the rural population, particularly in the form of agricultural, educational, and health facilities; to guarantee a livelihood to loyal supporters of the governing party; and to consolidate political and administrative control across the countryside. There was no large and vocal domestic constituency—politicians, bureaucrats, producers, and consumers were all silent—in favor of retrenchment of the state apparatus. The administrative expansion represents a common situation in which the distribution of patronage appointments overrides a more economically efficient public employment policy. It does not distinguish Zimbabwe from other African countries. This instance, depicted in the last row of Table 1, is presented here simply to illustrate the mechanics of the theoretical construct. The other, more interesting and less common instances of policy determination are discussed in detail in the text below.

Background

The economy that Robert Mugabe inherited was advanced and diversified, but it was underpinned by agriculture. The agricultural sector in Zimbabwe accounts for 15 percent of the gross domestic product, 40 percent of foreign exchange revenues, and 40 percent of inputs to manufacturing. Almost 70 percent of the population depends on farming as a source of subsistence and income, and one-quarter of all wage employment is in the agricultural sector.[9] As in most of eastern and southern Africa, maize (corn) is the staple food crop. Zimbabwe's farmers produce enough for national consumption in eight out of every ten years and,

[8] *The Herald*, January 4, 1984.
[9] Computed from Republic of Zimbabwe, *Quarterly Digest of Statistics* (June 1985).

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when the rains are good, export maize to neighboring countries. Tobacco has historically been the principal source of foreign exchange, though cotton is becoming increasingly important.

The structure of agricultural production is complex, with four distinct types of land tenure and farming systems operating side by side. First, large-scale commercial areas occupy 39 percent of the land and comprise extensive individual holdings, on average about 3,000 hectares each. Title to land rests with owner-operators, almost all of whom are of European descent, or agribusiness firms, both domestic and international. Second, small-scale commercial areas occupy 4 percent of the total land. Previously known as African Purchase Lands, these areas contain 110,000 smallholders on farms of 80 to 200 hectares. Tenure is freehold. Third, resettlement areas also occupy 4 percent of the land and were introduced after 1980 in a government program to reallocate farms formerly held by large-scale commercial operators. The government holds title to the land and extends occupation permits to settlers. Fourth and finally, the so-called "communal" areas cover 42 percent of the land. The majority of Zimbabwe's population—about 55 percent, or 850,000 families—reside in these areas on smallholdings of between 2 and 4 hectares, plus grazing. The term "communal" derives from the tradition that land belongs to the community as a whole, although, in practice, each household operates an individual arable holding. In this paper we are interested primarily in the first and last categories of farming: unless otherwise indicated, the term "commercial" will be used to refer to the large-scale white farmers and "peasant" to the smallholders in the communal areas.

To understand the array of political influences on agricultural policy decisions, it is necessary to identify the major institutional actors. Among farmers in Zimbabwe, three representative organizations reflect the division of land and the scale of farming operations. The oldest and most prominent is the Commercial Farmers' Union (CFU), which represents the interests of the large-scale white farmers. From its inception as the Rhodesian Agricultural Union in 1905, and throughout the settler colonial period, it enjoyed substantial influence through parliamentary representation and the presence of farmer leaders on government agricultural marketing boards.[10] Membership in 1985 stood at just under 4,000.

Black farmers historically were allowed access to the state through separate channels. Two organizations arose. The Zimbabwe National Farm-

[10] Colin Leys, *European Politics in Southern Rhodesia* (Oxford: Clarendon Press, 1959), 68-69, 98-105; H. Dunlop, "The Development of European Agriculture in Rhodesia, 1945-1975," *Occasional Paper No. 5* (Salisbury, Rhodesia: University of Rhodesia, Department of Economics, 1971), 23-43; Frank Clements and Edward Harben, *Leaf of Gold: The Story of Rhodesian Tobacco* (London: Methuen, 1962), 123, 153-59.

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ers' Union (ZNFU), formed in 1945 as the African Farmers' Union, grew out of attempts by Purchase Land producers to win the attention of the ministry of agriculture. It now claims a membership of 9,500 in the small-scale commercial farming areas.[11] The National Farmers' Association of Zimbabwe (NFAZ) had its origins in the Master Farmer movement in Victoria province, and in 1980 launched a national drive to register all types of voluntary farmer associations. The NFAZ claims to represent the interests of peasant farmers in the communal areas and cites a membership of 2,530 clubs, or over 100,000 individuals.[12]

Assertions of intended socialist transformation to the contrary, policy reform under the Mugabe government has been measured rather than momentous. The government's objectives toward agriculture were, "first, to ensure that the country remains adequately fed at all times; and, second, to maintain the maximum number of farmers on the land."[13] Given a high population growth rate and the rapid expansion of consumer demand, the country will have to double its food output before the year 2000 in order to remain self-sufficient. To do this, the government is pursuing the dual strategy of stimulating peasant farm output while maintaining the productive capacity of the commercial sector.

The performance of agriculture between 1980 and 1985 was mixed. Zimbabwe experienced three abnormally dry seasons between 1981 and 1984, the longest sustained drought on record. The most severe effects were felt in Masvingo, the Midlands, and Matabeleland, the regions in which the bulk of the peasant farming areas is located. At the height of the drought, even the usually reliable maize-producing belts in Mashonaland were seriously affected, and many farmers lost their entire grain crop. Total agricultural output shrank in 1983 and 1984; in the latter year the gross domestic product slipped by 3 percent.[14] For the first time ever, in October 1983, the supply of maize and wheat from the Grain Marketing Board to the milling companies was rationed. Sorghum and wheat were imported in 1983 and, by the following year, maize stocks were down to the point where imports became necessary.

From a wider perspective, however, the picture was far from gloomy.

[11] Angela P. Cheater, *Idioms of Accumulation: Rural Development and Class Formation Among Smallholders in Zimbabwe* (Gweru, Zimbabwe: Mambo Press, 1984), 156-75.

[12] Personal communication, Robinson Gapare, president, National Farmers' Association of Zimbabwe, April 1983; Jeffreyson Mutimba, "A Case Study of the Victoria Association of Master Farmer Clubs with special reference to the Role of the Provincial Committee," mimeo (Salisbury, Zimbabwe: University of Zimbabwe, Institute of Adult Education, September 1981).

[13] Minister of Agriculture, *The Herald*, March 6, 1984.

[14] Republic of Zimbabwe, *Budget Statement* (Harare, Zimbabwe: Government Printer, July 1984).

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The volume of tobacco and coffee expanded throughout the dry years and record crops were recorded for cotton in 1984 and for wheat and tobacco in 1985. Even maize deliveries to the Grain Marketing Board exceeded forecasted levels in 1982 and 1984, excesses principally accounted for by the underestimation of the performance of peasant farmers. Indeed, the structure of agricultural production and marketing in Zimbabwe began to shift during the first five years of independence. Whereas in 1980 peasant farmers in the communal lands were producing only 8 percent of the marketed output of maize, by 1985 they had made dramatic gains to the point where they were providing an estimated 45 percent of the national crop (see Table 2). A similarly spectacular rise was recorded for cotton. Let us now try to account for these positive results in terms of the political economy of policy making.

TABLE 2
OFFICIAL MAIZE SALES, ZIMBABWE, 1980-1985

	Total Sales (tonnes)	*Percentage Sales by Type of Farmer*[a]	
		Large-Scale Commercial	*Small-Scale Peasant*
1979/80	825,563	87.9%	8.1%
1980/81	2,013,759	82.0%	14.4%
1981/82	1,451,827	70.4%	21.8%
1982/83	639,747	72.6%	21.4%
1983/84	941,591	58.6%	35.5%
1984/85[b]	2,000,000	50.0%	45.0%

Source: Calculated from producer delivery records, Producers' Registry, Grain Marketing Board.

[a] Totals do not add up to 100% because data for resettlement and small-scale commercial farmers are not shown.

[b] Estimate, Minister of Agriculture, *The Herald* (Harare, Zimbabwe), March 20, 1985.

PRODUCER PRICES

In common with other African countries, the government in Zimbabwe sets prices for a list of controlled agricultural commodities. Outside rural district boundaries, sales may only be made at the official price to a public marketing board. For example, the Grain Marketing Board is charged with all transactions, domestic and international, in the purchase, storage, and disposal of maize.[15] Prices are arrived at by a process

[15] Malcolm J. Blackie, "Restructuring Agricultural Delivery Systems in Africa: A Case Study of Zimbabwe," in John W. Mellor, Christopher L. Delgado, and Malcolm J. Blackie, eds., *Accelerating Food Production Growth in Sub-Saharan Africa* (Baltimore: The Johns Hopkins University Press, 1986); Dunlop (fn. 10), 26-29.

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of negotiation among the Agricultural Marketing Authority (the parent body of the marketing boards), the Ministry of Agriculture, and the farmers' representative bodies. Official price levels are announced in April as the harvest draws near.

Up to 1976 the government set producer prices at a level to meet domestic demand or, if world prices were high, to stimulate exports.[16] The Smith and Muzorewa regimes permitted the trading accounts of controlled food products to run at a loss and, from 1979, paid subsidies to grain millers and edible-oil producers to hold down prices on basic foodstuffs. The aim of consumer subsidies was to use cheap food—principally maize meal and beef—in an attempt to build urban political support for an unpopular government after it became clear that the countryside had been won over by the guerrillas.

Faced with a ballooning subsidy bill (Z$200 million in 1982 and growing; Z$1.00 = US$0.60), the Mugabe government decided to eliminate support to food prices gradually. The process of shaving subsidies off the budget began in 1982, but in 1985 such payments still laid claim to a preemptive Z$69 million of public expenditures.[17] It is clear that economic considerations—the burden on the budget, itself in deficit—played a central part in the decision to allow food prices to rise. The choice was made in the face of prospective political dissatisfaction by urban consumers who would have to pay more for basic subsistence. At the same time, the government lifted producer prices for selected basic food crops, the upshot of which was to raise the urban cost of living yet further.

Maize prices offer an example. The new government acted promptly in 1980 to raise the producer price from Z$80 to Z$120 per metric ton. Thereafter the maize price was frozen for two and a-half years, with further jumps to Z$140 in August 1983 and Z$180 in mid-1984.

These upward adjustments are explicable in both economic and political terms. On the one hand, the government recognized that farmers had a justifiable claim for higher prices, given the squeeze on profits exerted by inflation in farm input costs—costs that the government itself had largely mandated. On the other hand, political pressures from the farm lobby, particularly the powerful CFU, coincided with the government's interest in ensuring that town and countryside had enough to eat in time of drought. Urban consumers had relatively little influence in Zimbabwe

[16] Diana Callear, "Food Subsidies in Zimbabwe," paper presented at a conference of the Zimbabwe Economic Society (Harare, Zimbabwe, January 1981); Doris J. Jansen, "Agricultural Prices and Subsidies in Zimbabwe: Benefits, Costs and Trade-Offs" (Harare, Zimbabwe: United States Agency for International Development, 1982).

[17] Republic of Zimbabwe (fn. 14), 30.

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because industrial trade unions were weak and were historically associated with political parties other than ZANU-PF. The government had the added advantage of being able to transfer the cost of food-price inflation to the private sector in the form of regular minimum wage increases, which it did on three occasions between 1980 and 1985. It could thus afford to be relatively unconcerned with the potential for urban political unrest.

The instance of the maize price hikes is instructive in revealing the pressures at play. The CFU had the experience and expertise to dominate the position put forward from the farmers' side. Every year, the CFU prepared detailed briefs to demonstrate that economic returns to maize production were being eroded by rising input costs.[18] Apparently without intended irony, CFU negotiators presented their case as one of trying to avoid repeating the mistakes of "colonial policies [that] pump the economic surplus out of agriculture."[19] They argued that Zimbabwe was falling into the same trap as Tanzania and Zambia, where producer prices for food crops were permitted to stagnate until a food-deficit crisis shocked policy makers into belated corrections. Instead, the CFU called for regular annual price increases above the predicted level of inflation. It also insisted on an earlier price announcement, before planting, to enable farmers to plan their choices of crops better.

In 1983 and 1984 the farmers were initially disappointed with the standstill figures announced by the government, and by a 43 percent leap in 1984 in official costs for fertilizer. Constant lobbying therefore began. CFU members made their views known directly to top management in the Ministry of Agriculture and the Agricultural Marketing Authority. Despite a thoroughgoing Africanization of the civil service, the ministry retained a technical and economistic ethos, and the agricultural parastatals continued to be managed by personnel recruited before independence. The fact that, until July 1985, the minister of agriculture was a former president of the CFU provided a direct channel to the cabinet. This is not to say that the minister represented only large farmers or always got his way in the cabinet, but he did actively champion the cause of high producer prices. Neither did the continued political access of the CFU through familiar channels imply that there was always agreement of opinion between farmers and officials in the government marketing bureaucracy. The players were, however, well known to one another and shared a common predisposition on policy issues.

Farmer leaders also took to the press to issue thinly veiled threats,

[18] John Stanning and Kay Muir, "Major Food Policy Issues Facing Zimbabwe," mimeo (Harare, Zimbabwe: Commercial Farmers Union, 1983).
[19] *Ibid.*, 7, 11.

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made all the more ominous by the deepening of the drought and the prospect of food imports. The CFU president described the 1982 prices as a "severe disappointment" and said that higher prices were "vital if the desired level of production is to be achieved." The chairman of the Commercial Grain Producers Association characterized the 1983 negotiations as "the most crucial in farming's history" and called for "a correct price to induce farmers to plant another crop next year." The president of the ZNFU announced that many of his members would move out of maize into other crops because of the "low prices offered."[20] During the price announcement meeting in 1983, the presidents of the three farmers' unions protested by walking out in unison.

The government ultimately backed down and a compromise was struck. Maize prices were raised in both 1983 and 1984 close to the level requested by farmers (Z$220 per tonne). In perhaps the most significant victory for producers, the government agreed that, as an emergency measure and against its stated policy, prices would be announced on a preplanting date.

Higher producer prices benefit farmers in direct proportion to the amount marketed. Those who sell a lot necessarily raise their incomes more than those who sell little. The biggest winners in Zimbabwe have been the commercial farmers—an outcome that runs directly counter to the government's expressed intention to spread the surplus from agriculture. The small farmers have, however, also benefited from public policies that provide an economic environment favorable to all. Maize is grown by every category of producer in Zimbabwe, and price incentives appear to be a major reason why small farmers moved so eagerly into the market. Especially in the early 1980s before consumer subsidies were pared, it was profitable for small farmers near town to sell their entire maize crop and buy back processed maize meal for home consumption at a lower, subsidized price.

The interests of commercial and peasant farmers happened to coincide over maize prices, and this caused them to act as a unified lobby. The ZNFU and NFAZ were content at first to ride the coattails of the CFU into the unfamiliar and intimidating atmosphere of price negotiations. These small farmer unions did, however, begin to assert an independent position by emphasizing that their members, most of whom live off the beaten track, faced higher transport and handling costs than commercial farmers. The peasant leaders also supported the government's call for farmer unions to amalgamate, a move the CFU had long resisted.

The interests of small and large farmers nevertheless sometimes di-

[20] *The Herald*, May 7, 1984.

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verged over producer price issues. Through 1985, for example, the government maintained profitability for wheat, a commercial crop, but allowed it to erode for groundnuts, overwhelmingly a smallholder crop. On the other hand, smallholders welcomed the government's decision to include *mhunga* (bullrush millet) and *rapoko* (finger millet) on the list of controlled commodities with fixed prices and a guaranteed market. These commodities are grown exclusively by peasant farmers to whom the opportunity became available for the first time to earn a cash income from food-crop production in the dry parts of the country.

The bargaining over maize prices illustrates a quirk of contemporary Zimbabwe politics in the period up to 1985, namely, the generally cordial working relationship between agricultural businessmen and an avowedly socialist government. Before an international gathering, Prime Minister Mugabe praised the "highly sophisticated" commercial farm sector for "achieving yields exceeding those of the developed countries."[21] In addressing the problem of maize-meal shortages in the cities in late 1983, Mugabe was careful to exempt the farmers; instead, he put the blame on the milling companies. The warm sentiments have been reciprocated by some farmers, who have described Mugabe's regime as "the best government for farmers that this country has seen."[22] The commercial farmers have substantial investments in Zimbabwe and, unlike industrialists in the currently shrinking manufacturing sector, are reinvesting profits within the country. The CFU reported in 1985 that the average age of its membership had dropped from 54 to 37, an indication that the sons of commercial farmers have decided to stay and make a career in agriculture.[23]

This is not to say that the relationship between the government and the agricultural industry has been without contention. Producers have complained about shortages of foreign exchange, disruptions in the availability of fertilizer and diesel fuel, and the uncertain security situation in Matabeleland. The issue over which commercial farmers chose to exert their remaining political influence, however, was not land reform or the provision of agricultural services. Many took generous, constitutionally guaranteed terms to sell land to the government, and those remaining switched to private or cooperative services. Instead, they chose to take their main stand on agricultural producer prices. In a call for higher prices they received support from technocrats in the planning ministry, the IMF, and donor agencies, as well as political backing from small

[21] *The Herald*, August 19, 1983.
[22] Personal communication, CFU member, November 1984.
[23] *Los Angeles Times*, April 1, 1985.

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farmers. This combination of economic rationality and political pressure was apparently persuasive in policy-making circles and explains why the government, however reluctantly, responded.

Land Reform

The Mugabe government swept to power in 1980 on a platform of socialist development, the centerpiece of which was a redistribution of Zimbabwe's basic productive asset: the land. The politicians' plan, including both intensive and accelerated resettlement programs, was to relocate 162,000 households by July 1985. By the target date, only 35,000 households had been resettled on an area that accounted for 11 percent of the commercial land area. Whereas up to 1982 the land reform program had expanded, new settlements had come to a halt by 1983. Moreover, the bulk of resettlement was not organized on the collectivized lines preferred by radical elements in the ZANU-PF leadership. The "Model A" form of individual smallholdings predominated, with fewer than one in twenty settlers electing to join a "Model B" collective production unit.

What happened? My argument is that there was again a coincidence of economic and political considerations that led to a deemphasis on resettlement and a shift to other policies for meeting national agricultural goals. Resettlement proved costly, and by 1985 had yielded negative economic returns. Planners throughout the bureaucracy, especially in the Ministries of Agriculture and of Finance, Economic Planning and Development, warned that the targets set by politicians were unattainable with existing technical and financial resources. In addition, the demand for land turned out to be less pressing and more containable than many commentators thought.[24] After independence, the constituency for resettlement was poorly organized and was not mobilized by the party. In other words, there was neither an economic nor an overwhelming political rationale for land reform, and this combination explains its current demise.

Several major studies that questioned the viability of resettlement were promoted within the bureaucracy. First, the report of the government-appointed Commission of Enquiry into the Agricultural Industry urged caution in transferring land. It stressed that resettlement be appraised in the light of the impact on aggregate national production and the fragility

[24] For recent analyses based on the political importance of land, see Terence Ranger, *Peasant Consciousness and Guerrilla War in Zimbabwe* (Harare, Zimbabwe: Zimbabwe Publishing House, 1985); Barry Munslow, "Prospects for the Socialist Transition of Agriculture in Zimbabwe," *World Development* 13 (January 1985), 41-58.

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of the natural environment under peasant land-use practices.[25] Second, the Joint Evaluation Commission established by the governments of the United Kingdom and Zimbabwe called for a slowdown in the pace of land acquisition in the face of difficulties encountered by the Ministry of Lands in installing physical infrastructure. Finally, a consultant's appraisal of the costs of resettlement was promoted by aid donors and raised debate within government. The author argued that resettlement at proposed levels would absorb 57 percent of commercial farmland and cost the annual equivalent of 80 percent of the total government budget. He asserted that, even at full production in the year 2000, the loss of commercial output would require Zimbabwe to forgo some Z$37 million in annual export revenues.[26]

The performance of resettled farmers did little to alleviate these concerns. Let us first examine the so-called Model A schemes, under which settlers were granted private family plots. Of seven such schemes surveyed by the Ministry of Agriculture in the 1982-83 season, only two showed an overall net farm profit. The income levels attained were well below the income target of Z$400 per year set by the planners, which itself was Z$400 less than an individual could make by migrating away for a minimum-wage job in town. The maize yields attained were also well below family subsistence standards, poor yields in this case being largely due to drought.[27] Surveys of the nutrition situation on several resettlement schemes in Mashonaland revealed levels of stunting and wasting of children similar to those of neighboring communal lands. In addition, new settlers invested in fertilizer on credit, and by 1984 their average debt burden was a heavy Z$1,200 per household.[28]

What about the performance of the Model B schemes, under which the land is not subdivided, but is operated as a large-scale estate under collective management? Of eight producer collectives in Mashonaland Central, not one achieved a net operating profit after two years of operation.[29] Ap-

[25] Republic of Zimbabwe, *Report of the Commission of Enquiry into the Agricultural Industry* (Harare, Zimbabwe: Government Printer, 1982), 69.

[26] Bill H. Kinsey, "Emerging Policy Issues in Zimbabwe's Land Resettlement Programmes," *Development Policy Review* (No. 2, 1983), 163-96.

[27] Republic of Zimbabwe, *The First Annual Report of Farm Management Data for Small Farm Units* (Harare, Zimbabwe: Farm Management Research section, Economics and Markets Branch, Ministry of Agriculture, April 1984).

[28] Bill H. Kinsey, "Clouds of Dust: The Political Economy of Land Resettlement in Zimbabwe," mimeo (Harare, Zimbabwe: University of Zimbabwe, Centre for Applied Social Studies, 1985).

[29] Personal communication, Jeffreyson Mutimba, assistant chief training officer, Department of Agricultural, Technical and Extension Services, Ministry of Agriculture, November 1984. The information on collective cooperatives presented in the text is based upon Mutimba's unpublished survey of eight schemes in Mashonaland Central and visits by the author to three of them.

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parently members of collectives in Mashonaland did receive income, but only about Z$115 each in 1982.[30] In this case the drought cannot be blamed for poor performance because all these schemes lay in the most favorable zone for mixed farming, an area where neighboring commercial and peasant farmers attained acceptable yields during the drought years. On five of the eight collectives, food produced in 1983 was insufficient to cover subsistence, and rescue operations had to be mounted by voluntary agencies. Shortage of income exacerbated the food problem because members did not have the money to pay the grinding charges for the small amounts of grain that were harvested.

Several factors contributed to difficulties with collective production. First, there was social conflict. Almost all producer cooperatives were undersubscribed, with many having only half the planned number of settlers. In two of the eight Mashonaland Central collectives there was a 100 percent turnover of membership in the first three years. The roots of instability lay either in the loose discipline of the excombatants or in disputes between settlers from communal lands and former farmworkers, especially when the latter were from Malawi and Mozambique. Second, there was a lack of government support. The government had made the initial purchase of land and improvements and had promised every collective an establishment grant to cover basic capital acquisitions and one year of operating expenses. Of the eight units studied, none had received a grant in the first season and several were still waiting at the end of the second season. In one pathetic instance, the only agricultural input members received to operate a large-scale commercial farm were six pairs of gumboots!

The third factor was leadership and management. Government policy gave priority for resettlement to the displaced, the landless, and the poor—a policy that meant adequate management skills were often lacking. In Mashonaland Central, 40 percent of the new settlers had never been to school and an additional 45 percent had only a primary education. Only in one case, where the members were Zimbabweans who had been farming in Zambia, was there experience in managing a commercial farm enterprise. On at least three of the eight collectives, the cooperative committee misused funds allocated to them by government and donors.

The last factor was land tenure, in the form of basic disagreement between the government and the settlers on ownership arrangements. In one of the most successful Model B's in Mashonaland East, the members

[30] Clever Mumbengegwi, "Some Aspects of Zimbabwe's Post-Independence Agricultural Producer Cooperatives: A Profile and Preliminary Assessment," mimeo (Harare, Zimbabwe: University of Zimbabwe, Department of Economics, 1984).

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divided the land into private family holdings and collaborated only by sharing equipment and some labor.[31] The expressed preference among prospective settlers was to limit collective production to a central core estate. By 1985 the government began to show interest in this approach, perhaps in conjunction with the introduction of professional management.

In the face of the high cost and problematic organization of resettlement, the government altered course. The land acquisition program bore the brunt of the austerity measures introduced at the height of the drought and economic recession. In 1983, the budget of the Ministry of Lands was slashed by 52 percent, the largest cut for any ministry.[32] This measure put a temporary end to new resettlement. In 1984 the minister of finance restored part of the cut and reaffirmed that "the momentum will be kept up in resettling productive peasants on a better resource base."[33] If precedents from Kenya are anything to go by, and given favorable weather, individual plot holders on the Model A schemes should be able to raise productivity and earn attractive incomes from farming.[34]

The reappraisal of land reform policy, however, indicates not only that economic reality was considered, but also that the political climate permitted such a slowdown. Although land was the basic issue over which the liberation war was fought, the political saliency of the land issue declined after independence. The reasons are rooted in the nature of small-farm production and the aspirations of peasants for political autonomy.

Population pressure on land is an objective social problem in smallholder farming areas of Zimbabwe, yet peasant attitudes and behavior belie the centrality of land. Only one in five (19 percent) small farmers cites land as the household's main production constraint.[35] In two out of four districts where interviews were conducted, other constraints—draft power, implements, cash, or labor—were ranked as more limiting (see Table 3). Genuine land hunger exists in many places, especially in the southeastern districts (e.g., Gutu), but it is less pressing in the Zambezi valley (e.g., Dande) and in parts of the central plateau (e.g., Wedza). Even

[31] *Ibid.*, 47.

[32] Republic of Zimbabwe, *Estimates of Expenditure for the Year Ending June 30, 1984* (Harare, Zimbabwe: Government Printer, 1983).

[33] Republic of Zimbabwe (fn. 14), 36.

[34] John W. Harbeson, *Nation-Building in Kenya: The Role of Land Reform* (Evanston, IL: Northwestern University Press, 1973); Gavin Kitching, *Class and Economic Change in Kenya: The Making of an African Petite Bourgeoisie, 1905-1970* (New Haven: Yale University Press, 1980); Christopher Leo, *Land and Class in Kenya* (Toronto: University of Toronto Press, 1984).

[35] Michael Bratton, "Farmer Organizations and Food Production in Zimbabwe," *World Development* 13 (March 1986), 367-84. Similar results are reported by Diana Callear, "Who Wants to be a Peasant? Food Production in a Labour Exporting Area of Zimbabwe," mimeo (Cambridge: Cambridge University, May 1983), 10, 13.

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TABLE 3
PEASANT-FARMERS' PERCEPTIONS OF CONSTRAINTS ON AGRICULTURAL PRODUCTION IN ZIMBABWE 1983[a]

	District				
Constraints	*Wedza* $n=85$	*Gutu* $n=144$	*Chipuriro* $n=97$	*Dande* $n=39$	*Overall*[b]
Land	7%	31%	19%	0%	19%
Draft Power	22%	11%	18%	33%	18%
Cash	13%	17%	12%	5%	14%
Implements	9%	4%	16%	33%	12%
Labor	9%	9%	11%	0%	9%
Other[c]	23%	22%	17%	26%	18%
Nothing	12%	6%	6%	3%	9%

[a] In response to the question, "apart from shortage of rainfall, what prevents you from growing more crops?"
[b] Overall percentages calculated from raw scores.
[c] Includes knowledge, markets, pests.

where demand for land is highest, farmers are interested principally in gaining access to grazing, timber, or other natural resources. As far as arable agriculture is concerned, farmers want higher-quality land that has not been overworked, but do not necessarily seek an enlarged holding. It is clear that where the adult male is absent and the children are at school, the household does not have enough resident family members to make use of a bigger plot. The limiting factors in peasant production are not only land, but also capital, technology, and labor.

In addition, the demand for land resettlement, particularly among productive smallholders, has not been as intense as expected. Such farmers have economic ties to existing family landholdings in which investments in houses, orchards, and other improvements have been made. The presence there of the graves of immediate family ancestors, to which rural families have strong emotional and spiritual attachments, is an additional disincentive to move. Enthusiasm has also been dampened by fears of collectivization, fears first sown by the colonial propaganda machine, which still live on. Although many proficient farmers want more land, they also want firmer property guarantees than the government is willing to provide. Farmers are not provided with title to land on resettlement schemes, and the issue of security of tenure remains a stumbling block to the popularity of land reform. Under these circumstances, many farmers have reckoned that a more predictable future is assured by retaining control of a tract under traditional tenure in the communal area.

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Above all, farmers are wary of the atmosphere of administrative regulation on resettlement schemes. The nationalist resistance in the countryside was predicated not only on the claim to lost lands, but also on the avoidance of colonial agricultural fiat, for example the forced dipping of cattle and the construction of conservation works. On resettlement schemes, settlers are subject to a battery of regulations including directives on where to live, what to grow, and how to grow it, all backed by the sanction of expulsion. It is therefore not surprising that a peasantry that sought to evade state control in an earlier era has continued to do so in contemporary times.

New settlers on the resettlement schemes have indeed found their autonomy compromised and have failed to emerge as a political force in their own right. When peasants have spontaneously occupied commercial farmland, the government and party have labeled them "squatters" and evicted them. Unlike the communal areas, resettlement schemes are without elected district councils and are administered directly, and sometimes summarily, by the Ministry of Lands. In several collective cooperatives, the elected management committees were dissolved from above and replaced with appointed officials. The fact that new settlers come from diverse social backgrounds also means that voluntary self-help organizations have been slow to arise. At the national level, when members of collective cooperatives attempted to form an umbrella organization (the Organization of Collective Cooperatives in Zimbabwe), they became entangled in ministry regulations and found their freedom of action impaired. In short, there is no organized group that can exert pressure on the government to expand opportunities for resettlement or improve the administration of existing schemes. The political voice for land, articulated so loudly in the days of the struggle, has become muted.

The declining political saliency of the land issue was reflected in the policy decisions of the party and the government in the first five years of independence. The mobilization approach of the ZANU-PF leadership shifted from the liberation of land toward popular participation in social service projects like self-help school construction. After independence, the bulk of government spending was devoted to the provision of services rather than to the redistribution of assets. The largest share of public expenditure—almost 20 percent of the budget in 1983—went to education. In the same budget cutback in which the lands ministry was crippled, the Ministry of Education received a small increase. One plausible interpretation is that the government recognized that the time was not ripe for a socialist land reform program and reserved its resources for large-scale collectivization and state-farm construction in the future. An alternative

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interpretation, and the one pursued in this article, is that the government tested the political wind and concluded that its constituents were more interested in opportunities for education and paid employment than in careers in agriculture. Those who remained on the land made it known that they wanted independent family farms and the ability to organize production their own liking. The policy consequence was to alter agricultural strategy away from land reform in favor of the provision of services to smallholders in the existing peasant farming areas.

Agricultural Services

Before independence, the lion's share of agricultural services, from both public and private sectors, was directed at the commercial farmer. The colonial government consciously underwrote white agriculture with preferential provision of research, advice, credit, and transport facilities. The Mugabe government pledged itself to redress this discrimination. The reasoning of the leadership seems to have been that, if a package of policy supports could promote production for large white farmers, then surely a reformed package could do the same for small black farmers. Unlike its counterparts in many other African countries, the government backed its rhetoric with an increased share of public spending for agriculture: although agriculture accounted for only 8 percent of total spending in 1985, it grew at 37 percent per year between 1980 and 1985, a faster average rate than any other item in the budget.[36]

In addition, several major policy initiatives were taken to reorient agricultural services toward the smallholder. For example, the agricultural research department began investigations of peasant farming systems and initiated breeding programs to improve traditional varieties of sorghum and millets.[37] In addition, the extension service provided field-level extension workers with motorcycles and upgraded housing and explored innovative ways of working with small farmers in group settings.[38]

As for agricultural credit, the government-backed Agricultural Finance Corporation increased the proportion of seasonal loans to peasant farmers from 2 percent to 17 percent between 1979 and 1984 (see Table 4).

[36] Anthony M. Hawkins, "Public Policy and the Zimbabwe Economy: A Critical Policy Analysis," mimeo (Harare, Zimbabwe: United States Agency for International Development, February 1985).

[37] Philip R. Chigaru, "Future Directions of the Department of Research and Specialist Services" (Harare, Zimbabwe: Ministry of Agriculture, 1984).

[38] Monitoring and Evaluation Section, Department of Agricultural, Technical and Extension Services, "The Wedza Project: Impact on Extension," *Wedza Evaluation No. 8* (Harare, Zimbabwe: Ministry of Agriculture, 1984).

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TABLE 4
LOANS GRANTED BY THE AGRICULTURAL FINANCE CORPORATION, ZIMBABWE, 1979-1984

	Percentage of Total Granted	
	Large-Scale Commercial	*Small-Scale Peasant*
1979/80	98%	2%
1980/81[a]	92%	5%
1981/82[a]	86%	10%
1982/83[a]	73%	12%
1983/84	73%	17%

Source: personal communication, A. C. Nyengerai, Deputy General Manager (Farm Operations), Agricultural Finance Corporation.

[a] Figures do not round out to 100% because remaining loans go to resettlement and small-scale commercial farmers.

Improved access to financial markets was reflected in a 340 percent jump in the peasants' use of fertilizer over the same period.[39] Finally, reforms were begun in agricultural marketing. The newly formed district councils embarked on ambitious road-building and -upgrading projects, and the Department of Cooperatives constructed a network of supply and marketing depots in remote rural locations. Peasant farmers in Zimbabwe are well integrated into the cash economy, and their demands for the immediate erection of a market infrastructure were perhaps the most pressing that the government had to face.

It is not obvious, however, that investment in agricultural services to smallholders is an economically sound proposition in the short run. The most cost-effective delivery system is one that can reach a small number of large producers at accessible locations. Peasant producers are not only numerous but isolated at the ends of the worst roads and tracks in the countryside. Moreover, on a per household basis, smallholders tend to trade in minuscule amounts of agricultural commodities: a bag of fertilizer here, a couple of sacks of grain there. From the perspective of a delivery agency, the unit cost of a service transaction to a smallholder is considerably higher than the cost of making the same service available to a large farmer. A crude efficiency calculation would seem to point to the status quo—that is, continuing to target agricultural services at commercial operators.

It can of course be argued that increased levels of agricultural produc-

[39] R. T. Masundire, "Fertilizer Marketing Policies in Zimbabwe," paper presented at a conference sponsored by the Food and Agriculture Organization of the United Nations on Fertilizer Marketing Policies for English-Speaking East and Southern African Countries, Harare, Zimbabwe, May 21-25, 1984, p. 7.

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tion by smallholders will pay for the additional costs associated with the reorientation of services. Because the productivity of smallholders is well below potential, and because in Zimbabwe large farmers are producing at levels close to the state of the art of current technologies, there are greater gains to be made in the smallholder sector. But the attainment of improved peasant productivity will be a long time gestating. The increase in maize and cotton output to date in Zimbabwe is concentrated on the best fields of the best farmers in the most favorable agricultural zones. A generalized, nationwide transformation of production practices is still a long way off.

Yet, the costs of mass service delivery are already evident. The national research and extension project amounts to a loan of Z$31 million over five years, to be paid back at commercial interest rates. Although investments in research have the potential for huge payoffs, the benefits are unlikely to be available for a decade or more. Extension services in Africa have too often proved to be costly and ineffective.[40] Zimbabwe has an efficient service, but for the dry half of the country there is no profitable crop technology to extend. The viability of credit schemes in Zimbabwe has been grievously undermined by the drought, with outstanding debts to the AFC amounting to Z$1.9 billion in the 1983-84 season alone and a further Z$55 million in arrears.[41] The marketing depot program does not constitute a drain on the national treasury only because the capital costs are covered by an aid grant and recurrent costs by the cooperative movement. Its costs must nonetheless be counted.

It is difficult to estimate the value of the increase in smallholder sales of agricultural commodities that are directly attributable to improved services. A rough calculation indicates that smallholder services cost an additional Z$55 million per annum in the period from 1980 to 1985.[42] During the same period the average annual increase in the value of smallholder sales of maize and cotton was no more than Z$8 million per year.[43] This simple arithmetic overlooks the social benefit that may have accrued from improved household nutrition or nonagricultural uses of infrastructure like rural roads. But it also errs on the generous side by ignoring the positive effects on production of other policy changes, such as upward ad-

[40] Carl K. Eicher and Doyle C. Baker, *Research on Agricultural Development in Sub-Saharan Africa: A Critical Survey,* MSU International Development Paper No. 1 (East Lansing, Mich.: 1982), 150-51; The World Bank (fn. 1), 74-76.

[41] Republic of Zimbabwe (fn. 13), 17.

[42] Republic of Zimbabwe, *Estimates of Expenditure* (Harare, Zimbabwe: Government Printer, 1979-1984).

[43] Figures collected from sales records at the Producers' Registry of the Grain Marketing Board and Cotton Marketing Board (Harare, Zimbabwe: GMB/CMB, 1980-1985).

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justments in producer prices. We are therefore safe in concluding that, in the short run (1980-1985), the costs of improved services outweighed the benefits by a factor of about six to one.

The argument here is that Zimbabwe's leaders chose political over economic rationality because of the mass demands with which they were faced. As suggested earlier, popular sentiment favored income opportunities and access to capital and technology. The principal reason that popular demands were more effective for services than for land was that farmers were well organized in communal and small-scale commercial areas. Whereas new settlers on the resettlement schemes were easily coopted and controlled by government and party, the peasant farming areas presented a more daunting challenge to the political center. Not only were populations far larger, but the allegiance of an independent peasantry was more difficult to secure.

ZANU-PF won its victory over the colonial soldiers in the countryside, but its political organization at the time of independence was rudimentary. The new regime spent the first years—before the Party Congress of August 1984—"restructuring" ZANU-PF to provide reliable linkages between the Central Committee and scattered rural cells. Initially there was a good deal of fluidity at the village level as the older generation struggled to reassert authority over the young guerrilla fighters and *mujibas* (messengers) who had seized leadership during the war.[44] This process culminated in the accession of established figures in rural society to positions in the local ZANU-PF hierarchy, particularly older male residents who were attempting to make a living from full-time farming. The introduction of village and ward committees in February 1984, and the decentralization of development responsibilities that was intended to follow, further strengthened these local ZANU-PF functionaries. The overriding objectives of the political center were to consolidate control over the countryside and to ensure a ZANU-PF victory in the parliamentary elections of July 1985. The party was therefore led to provide programs that directly addressed the interests of its own rural supporters.

The provision of emergency public services provides a clear example of the rise of distributive politics in rural Zimbabwe. Immediately after independence and at the height of the drought, crop packs of seed and fertilizer were broadcast across the countryside. The government also launched a drought relief program in 1982 that gave free maize meal and

[44] David Lan, "Making History: Spirit Mediums and the Guerrilla War in the Dande Area of Zimbabwe," Ph.D. diss., London School of Economics, 1983; Norma Kriger, "Guerrilla Strategies, Tactics, and Popular Support in Zimbabwe's National Liberation War," Ph.D. diss., The Johns Hopkins University, 1985.

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protein foods to the needy; it was extremely popular until, for cost considerations, it was converted into a food-for-work program in 1984. In late 1984, the government organized a tractor-ploughing service—ostensibly for farmers who had lost cattle in the drought, but in practice for anyone who could afford the cut-rate prices. This service responded directly to articulated needs of peasant farmers for draft power and was timed so that the government could accrue maximum advantage before the elections, then slated for early 1985.

Permanent public-service programs also came to embody distributive politics because they offered politicians a resource with which to consolidate or build a popular following. By this interpretation, agricultural extension was used in Zimbabwe to help cool the burning thirst for education, and agricultural credit provided a means to transfer income to the countryside. Agricultural research offered fewer tangible and immediate rewards and was therefore less attractive to government and farmers alike. Each was less interested in the content of a service than in its volume—for example, more fertilizer, rather than the appropriate applications; more schooling, rather than a new curriculum. By maximizing the flow of resources into rural localities, the party sought to demonstrate that it was capable of taking care of its supporters.

The party was not the only channel for the direct expression and satisfaction of popular demands. A multitude of voluntary organizations exists in rural Zimbabwe, most of which are politically unaffiliated. Farmers organize themselves into groups in order to pool labor and equipment, attract extension services and credit, and ensure input supplies and access to market. By 1983, about 44 percent of communal land cultivators belonged to a voluntary agricultural organization, and the numbers were growing.[45] These organizations were largely spontaneous and self-managed and took the form of a savings club, a *mushandira pamwe* (working together) group, or a master-farmer club. Their leadership was selected according to achievement in agriculture rather than by any ascriptive party tie. Depending on the region of the country, there may have been a crossover of farmer group and ZANU-PF leaders. But most groups were not registered as cooperatives and hence were not subject to the regulations and direction of the Department of Cooperatives.

These farmer organizations therefore enjoyed a measure of political autonomy that enabled them to articulate demands for improved rural services. For the moment in Zimbabwe, peasant farmers had wider political options than "exit" from participation or the evasion of "capture."[46]

[45] Bratton (fn.35).

[46] Albert O. Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organiza-*

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At the local level, leaders of farmers' organizations made personal overtures to party and administrative officials. The most common complaints concerned the shortage of draft power, lateness in the delivery of farm inputs, scarcity of truck transport for marketing crop surpluses, and the limited availability of credit. The "voice" of farmer group leaders was amplified by the fact that they represented others apart from themselves. Politicians and technicians with an ear to the grass roots had little option but to listen.

At the national level, the NFAZ and ZNFU served as the federal unions of these primary peasant associations. The national pressure groups voiced member interests, however, through different institutional channels than the CFU. Whereas the commercial farmers gained access to the state almost exclusively through the agricultural bureaucracy and public corporations, the small farmers also used parliament and the party. The leaders of the small farmer unions cultivated direct personal ties with influential members of parliament and cabinet ministers, for example, by repeatedly inviting them to officiate at union functions. Another critical point of entry was the provincial and regional party committees. Union leaders made a point of attending the rural rallies organized almost every weekend by ZANU-PF at which cabinet ministers spoke and fielded questions. The national headquarters of NFAZ and ZNFU were understaffed and inexperienced, and union officials trod a careful line between praising and pressuring the government. Nonetheless, these organizations did constitute the germ of an independent peasant farmer lobby. The growth of such a lobby was a vital element in ensuring that small farmer interests were recognized by policy makers, particularly where such interests diverged from those of large farmers.

In Zimbabwe, the demands by smallholders for services fortuitously coincided with a new government's need to consolidate power. The provision of mass agricultural services proved to be a potent political tool. In the 1980 and 1985 elections, ZANU-PF was able to increase its share of the national popular vote from 63 percent to 77 percent, even though it failed in both contests to win a single seat in Matabeleland. By 1985 the party had solidified its base in the peasant farming heartland of Mashonaland and made its greatest electoral gains over opposition parties in the maize- and cotton-producing areas of the Midlands and Mashonaland West, which had benefited most from newly available small-holder services. Having understood the aspirations of their rural constituents for a

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tions, and States (Cambridge: Harvard University Press, 1970); Goran Hyden, *Beyond Ujamaa in Tanzania: Underdevelopment and an Uncaptured Peasantry* (Berkeley and Los Angeles: University of California Press, 1980).

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peasant farming option, and having responded, the comrades were able to reap a harvest of political support from the countryside.

Conclusion

The general findings of this analysis can be summarized simply. Where political pressure and economic efficiency reinforce one another, policy choice is clearcut. In the context of agricultural policies in Zimbabwe, this calculus pointed unambiguously toward raising producer prices and slowing down land reform. By contrast, where economic and political considerations clash, politics wins the day. Because of the need to build political support, the government chose to provide market services to smallholders and jobs for the party faithful at levels well beyond what economic logic would have dictated.

In the case of bureaucratic growth, politics had a perverse effect on public choice in that it led to unproductive expenditures. Consumption by a state elite may be the one common denominator in policy formation across the African continent that consistently drains surpluses out of agriculture. In the case of smallholder services, however, politics made a positive contribution. It facilitated a set of investments that, because of the long period required to realize an economic return, might otherwise not have been made. Indeed, without improved agricultural services, peasant farmers would have no prospect, as they now do, of outproducing commercial farmers in the country's stable food crop (maize) and a principal agricultural export (cotton).

The recent history of Zimbabwe raises the question of whether the political interests of agricultural producers are always overlooked in the process of economic development in tropical Africa. The conventional argument that urban and industrial interests determine public policy is not automatically plausible on a continent where the levels of urbanization and industrialization are the lowest in the world. In most of Africa, the national entrepreneurial bourgeoisie and the trade union movement are both weak and are rarely permitted to organize independently of the state. In the absence of pressure from these quarters, one is forced to conclude that isolated and self-serving political elites make decisions that inhibit agricultural production without reference to *any* organized interest in society. This model of policy making may suffice for personalistic or military regimes, but it will not do for all places and times in Africa. It most certainly does not apply to the case of Zimbabwe in the period 1980-1985, in which the autonomy of the state was limited by the expression of rural interests.

The task now is to generalize. Robert Bates has begun the important

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work of identifying variations in policy regimes across Africa. He specifies the conditions under which policy may discriminate in favor of producers. For example, farming interests occupy a leading position in the nationalist coalition; marketing boards are constituted of producers themselves; and agriculture is not the only or principal source of public revenue.[47]

Beyond these specific conditions, however, a smallholder strategy depends upon the level of institutional development in African polities. The first general requirement is a professional bureaucracy capable of policy analysis and of effective and impartial service delivery. In Zimbabwe, the bureaucracy played a critical role in determining the pace of land reform and in gearing up to bring agricultural services to peasant producers. In the first instance, the bureaucracy acted to slow down implementation and in the second to speed it up, but in both instances the policy process was informed by the application of universalistic standards and operating procedures. Zimbabwe is distinctive among African political systems in enjoying the services of a relatively skilled, honest, and efficient public service. The development of this kind of organized human capacity is a major unfinished project in most African states, but it is part and parcel of the context necessary for agriculture to prosper.

The implication is that policy reform in African agriculture requires a far more subtle and complex approach than a radical retreat of the state from the market. There are certain irreducible functions for the support of agriculture, particularly smallholder production, that are unlikely to attract private investment and that are best performed by the state. These include policy analysis, agricultural research and extension, and land redistribution. In most places, unlike in Zimbabwe, there is no sophisticated private sector waiting in the wings to provide the services and absorb the costs of government abdication. Even in Zimbabwe, the state continues to be the principal agency in markets for smallholder credit and the sale of farm products, and the effectiveness of this public infrastructure is one of the elements in the success story. The key is not to dismantle the state, but to reorient and strengthen it in selective functions that serve the smallholder. This approach should certainly include reforms to allow private organizations to compete with the state in providing agricultural services. The interests of producers will be served, however, to the extent that these organizations are owned and operated by the farmers themselves.

The second, and no less demanding, requirement of institutional de-

[47] Bates (fn. 2, 1981), 121-25.

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velopment is that the state provide avenues for meaningful political expression and competition. In Zimbabwe, the availability of public liberties, at least to rural dwellers outside Matabeleland, and the precedent of the large farmer lobby, set the scene for the development of small farmer institutions. The exertion of organized political demands was formative in arriving at decisions to adjust prices and reorient services. The fact that the government came to power on a rural support base and had to face the voters in meaningful multiparty elections was a powerful incentive to responsiveness, particularly to smallholders. The 1985 election in Zimbabwe was clearly more than a plebiscite to ratify a prevailing distribution of power. Smallholders were able to articulate what they most wanted: the opportunity to make money from farming—an option that was not necessarily predicated upon the allocation of a new piece of land on a resettlement scheme. The shift in the government's agricultural development strategy from land reform to smallholder services largely reflected the nature of rural demands with which it was faced. The fact that in July 1985 the government was reelected with an increased majority in the peasant farming areas was evidence of a positive link between electoral accountability and public performance.

At this moment, however, it is not clear whether the accession of producers into the policy-making coalition in Zimbabwe is a permanent phenomenon. The drought in the first years of independence gave farmers enhanced leverage and an unusual strategic influence over national stability. The question is whether, over time and under different environmental conditions, the growing economic power of smallholders will be institutionalized as political power. The Zimbabwe case suggests that a well-organized farmer lobby can prevail over urban consumer interests in setting attractive producer prices. Where production is concentrated, it is relatively easy for a few large commercial farmers to use their commanding economic position as a power resource in political bargaining. It is less certain that small farmers can tread the same path. We can expect an extended political conflict between state and peasantry in Zimbabwe over the terms of agricultural trade and the share of public expenditure devoted to agriculture. The challenge for peasant organizations is whether they can retain enough political autonomy to represent small-farmer interests effectively, as power is centralized during the consolidation of ZANU-PF rule. By 1990, when the present constitution expires and a one-party state is declared, small farmers will face an institutional context less permissive of independent centers of power in the countryside.

A lesson to be learned is that the opening up of agricultural markets in

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Africa gives rise to parallel popular pressures for political liberalization. As individuals and classes reap advantages from fair producer prices and opportunities to trade in agricultural commodities, they endeavor to organize to protect and extend their gains. A striking feature of the Zimbabwe case is the extent to which the policy process is driven primarily by domestic interests. The fact that changes in policy had indigenous roots augurs well for the survival of the present policy and regime. Zimbabwe is not a debt-ridden primary producer whose agricultural strategy is revised only reluctantly in the face of leverage by international bankers and donors. Indeed, it is unlikely that a smallholder strategy can be sustained in the long run anywhere in Africa by outside pressure alone. Permanent change requires that vocal domestic constituencies organize for new agricultural policies and that the state be reformed to help implement them.

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IS THE SOVIET PRESENT CHINA'S FUTURE?

By CONSTANCE SQUIRES MEANEY

IN the late 1960s and early 1970s, scholars in the fields of Soviet politics and comparative communism began to reexamine the political and social character of the Soviet Union and Soviet-type regimes in the wake of more than a decade of de-Stalinization. They questioned the validity of the totalitarian model (at least in its more rigid forms) that suggested a static image of politics and society in communist systems, and proposed concepts more cognizant of the dynamic nature of these systems. A prominent theme in much of this literature was that social differentiation resulting from economic development and the emergence of modern industrial society would prove incompatible with continued dictatorial rule by a "vanguard party" following a militant, utopian ideology. In particular, the rise of a large elite stratum of skilled technical and professional personnel was expected to militate against the long-term viability of a revolutionary regime. Analysts proposed that, under pressure from this group, whose contributions are indispensable to economic growth and development, the party leadership would eventually be compelled to abandon radical social and economic restructuring through revolutions from above in favor of more legal-rational modes of operation, and see its own role as the balancer of the various interests typical of a modern society.

Some contributors to the discussion suggested that Soviet-type systems would inevitably change in such a direction. Others allowed that they might well fail to do so, in which case they would become increasingly subject to instability and disintegration.[1] One of the more systematic formulations of the first perspective was presented by Richard Lowenthal in a discussion of "development vs. utopia," in which he compared communist systems and saw developmental imperatives destined to triumph over radical utopian goals while ushering in a "postrevolutionary phase."[2]

[1] See Samuel P. Huntington, "Social and Institutional Dynamics of One-Party Systems," in Samuel P. Huntington and Clement Moore, eds., *Authoritarian Politics in Modern Society* (New York: Basic Books, 1970), 3-47, and Zbigniew Brzezinski, "The Soviet Political System: Transformation or Degeneration?" *Problems of Communism* 15 (January-February 1966), 1-15.

[2] Richard Lowenthal, "Development vs. Utopia in Communist Policy," in Chalmers Johnson, ed., *Change in Communist Systems* (Stanford, CA: Stanford University Press, 1970), 33-117.

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He attributed the triumph of "development" to an inevitable ascendance of "experts" over "reds" in a modernizing socialist state. This formulation, together with the "logic of industrial development" line of argument more generally, has been criticized as being deterministic.[3] Despite the appropriateness of much of this criticism, Lowenthal's focus on the tension in communist systems between party (reds) and technical-professional elites (experts), and his comparison of the ways in which this tension has been resolved (or not resolved) in different states, provides an excellent point of departure for an analysis of recent developments in China. These developments, which some see as evidence of China "going capitalist," raise the question of whether and why the Chinese variant of Leninism may indeed be destined to deviate significantly from the Soviet prototype.

In this essay I argue that, despite important institutional similarities, China will depart significantly from the Soviet model of orthodox Leninism. Examination and comparison of China's particular mode of abandoning "revolution from above," and of the nature of the opposition to this policy, suggest that despite parallels between the post-Mao and post-Stalin periods, the conditions that led to a conservative political outcome under Brezhnev in the Soviet Union are largely absent in China. These conditions involve the degree of co-optation of first- and second-generation elites by the party and the timing of the upgrading in status of the professional classes. The fact that China's elites provide a weaker constituency for orthodoxy than did their Soviet counterparts argues against institutionalization of a Brezhnevist solution.

The "Postrevolutionary Phase"

Let us begin by considering the concept of a postrevolutionary phase and its applicability in the Soviet and Chinese cases. Lowenthal argued that communist regimes will repeatedly launch revolutions from above to combat the effects of those of their own policies which, for the sake of rapid economic development, have encouraged the technical-professional elite and promoted the use of material incentives. Eventually, as the economy develops and society becomes more differentiated, these revolutions become too costly and are brought to a halt, signifying the advent of a postrevolutionary phase. A postrevolutionary regime, as described by

[3] For example, see William Taubman, "The Change to Change in Communist Systems," in Henry W. Morton and Rudolf L. Tökes, eds., *Soviet Society and Politics in the 1970's* (New York: Macmillan, 1974), 369-94; Andrew Walder, "Industrial Organization and Socialist Development in China," *Modern China* 5 (April 1979), 233-72, at 243-44; and Jeremy Azrael, *Managerial Power and Soviet Politics* (Cambridge: Harvard University Press, 1966), 3-4.

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Lowenthal, is characterized by more autonomy for the private sphere, more autonomy for intellectual and artistic life, a greater emphasis on rationality, and the "encouragement of interest articulation by informal and impermanent bureaucratic groups." In such a regime, the party sees itself as "an indispensable, authoritative arbiter of society's various interests, recognizing their existence but regulating their expression and limiting their representation while retaining for itself the ultimate right of decision."[4]

This description was written more than fifteen years ago. In the Soviet Union, the postrevolutionary regime during the Brezhnev years took the form of a conservative bureaucratic system dominated by the party *apparat*. Party dominance has been guaranteed by the system of *nomenklatura*, whereby all assignments and promotions are controlled by the party apparatus at various levels. In personnel decisions, political considerations such as personalistic ties, devotion to the party ("party spirit"), and ideological orthodoxy have tended to be central, while meritocratic considerations, although certainly not absent, tend to be secondary.[5] The key difference between Brezhnev's postrevolutionary system and its Stalinist (and Khrushchevian) predecessors was Brezhnev's emphasis on "trust in cadres"—that is, job security for party officials.[6] Trust in cadres made the system more predictable and stable, and in that sense more rational. At the same time, however, it tended to discourage further rationalization such as movement in the direction of a greater role for meritocratic criteria in personnel matters or better utilization of expertise and knowledge for scientific, technical, and economic innovation.

The relationship of the Soviet technical-managerial elite to the party *apparat* was both symbiotic and subordinate.[7] It developed during the Stalin regime and retained its essential characteristics under Brezhnev. Professionals are materially rewarded by the system, have authority over workers, and enjoy some degree of autonomy from party interference in their work. In return, however, they operate *within* the confines of a party-dominated system and are ultimately dependent on patrons within the *apparat* for their well-being and advancement.

If we use the Brezhnev era as a prototype, the principal characteristics

[4] Lowenthal (fn. 2), 113-15.

[5] See Alec Nove, "The Class Nature of the Soviet Union Revisited," *Soviet Studies* 35 (July 1983), 298-312, at 298-300.

[6] See Donald R. Kelley, "The Communist Party," in Donald R. Kelley, ed., *Soviet Politics in the Brezhnev Era* (New York: Praeger, 1980), 27-54, at 31-32, and Gail Warshofsky Lapidus, "The Brezhnev Regime and Directed Political Change: Depoliticization as a Political Strategy," in Alexander Dallin, ed., *The 25th Congress of the CPSU* (Stanford, CA: Stanford University Press, 1977), 26-38, at 32-37.

[7] This idea is developed at length in Kendall Bailes, *Technology and Society Under Lenin and Stalin: Origins of the Soviet Technical Intelligence* (Princeton: Princeton University Press, 1978).

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of a postrevolutionary regime emerge as (1) limited autonomy within the private sphere and intellectual life; (2) limited pluralism, confined to the bureaucratic elite and to informal, impermanent groups sanctioned by the regime; (3) limited rationality: emphasis on regular bureaucratic procedures for decision making and elite conflict resolution; on planning for orderly economic development; and on the role of expertise and expert personnel, tempered by a demand for ideological orthodoxy and subordination of professionals to party patrons, as well as a policy of job security for party officials; and (4) party dominance exercised primarily through control of occupational and social mobility (the *nomenklatura* system) and only secondarily through coercion.

The emergence of this set of characteristics is facilitated by an indication on the part of the regime that it is no longer oriented toward class struggle and radical efforts at social transformation: it has officially abandoned revolution from above. Lowenthal designated the year 1961 as a turning point in the Soviet Union. At that time, Khrushchev declared that the dictatorship of the proletariat had been superseded by the "state of the whole people." The parallel development in China is the CCP's third plenum of December 1978,[8] at which time the leadership replaced "class struggle" with "modernization" as the main task of the party and the people. Although the regime maintains that class struggle has not entirely died out, the "period of large-scale and turbulent class struggle is over."[9] Since the third plenum, China has reached a juncture in which many of the characteristics of a postrevolutionary phase are manifest. Revolutions from above—campaigns by the regime to alter the social balance radically by eliminating or coercing one or another group—have been rejected explicitly. "Politics in command" has been abandoned in favor of material incentives and rationalized organization. Elites with technical-managerial skills and formal educational credentials are now getting the official nod for promotion and prestige. The Deng Xiaoping regime has moved toward a posture of including as many social-occupational groups as possible—particularly the urban, educated elite—within the ranks of the politically reliable.

As in the Soviet case, these liberalizing or rationalizing features are

[8] Richard Lowenthal, "The Post-Revolutionary Phase in China and Russia," *Studies in Comparative Communism* 16 (Autumn 1983), 191-201, at 194-96.

[9] Communiqué of the Third Plenary Session of the 11th Central Committee of the Communist Party of China," *Peking Review*, December 29, 1978, pp. 6-17; abridged version of *Renmin Ribao* editorial of April 11, 1979, "Carrying Out the Four Modernizations is the Biggest Politics," in *Peking Review*, April 27, 1979, pp. 10-12. See also Tang Tsou, "Back from the Brink of 'Revolutionary-Feudal' Totalitarianism," in Victor Nee and David Mozingo, eds., *State and Society in Contemporary China* (Ithaca, NY: Cornell University Press, 1983), 53-88, at 69.

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limited in China by the continued assertion of the leading role of the party and the demand for ideological orthodoxy. The party apparatus maintains control over the Chinese equivalent of *nomenklatura*—personnel selection. Ideologically, the "Four Basic Principles" (or "Four Upholds") were enunciated in 1979 by Deng Xiaoping to contain the democracy movement, and remain in force officially; they are "uphold socialism, uphold the dictatorship of the proletariat, uphold the leading role of the party, and uphold Marxism-Leninism-Mao Zedong Thought."[10] Thus, a stage of development corresponding along general lines to that reached by the Soviet Union in 1961 with Khrushchev's declaration of the "state of the whole people" and coming to full realization under Brezhnev seems to be unfolding in the P.R.C. (notwithstanding the continued references to the dictatorship of the proletariat).

There are, however, interpretations of the character of the Deng Xiaoping regime that differ markedly from this view. Some would propose that in the present period, what we are witnessing may not be a developmental phase within a Leninist system, but the demise of a Leninist regime. A number of current developments in China prompt such a view. They include: (1) the apparent questioning by party officials of the relevance of Marxism-Leninism; (2) the "open door" policy, which involves both the sending of large numbers of Chinese to study in Western countries and the soliciting of foreign investment and managerial know-how in the Special Economic Zones (S.E.Z.) and other open areas to a degree unprecedented in the communist world; (3) the decollectivization of agriculture; (4) the encouragement of small private enterprises; and (5) the loosening of controls in the state sector of the economy, plus strong material incentives and disincentives for workers and managers.

To date, those who see China "going capitalist" are likely to be found in Western journalistic circles; they have shown a tendency to leap to conclusions. For example, when Hu Yaobang, the CCP's General Secretary, stated in fall 1984 that "Marxism-Leninism can no longer solve China's problems," some press observers were quick to conclude that the demise of Marxism-Leninism had arrived in the P.R.C.[11] Various television journalists have presented current policies, such as the bonus system, as amounting to a giant step toward capitalism (even though Chinese workers had a bonus system for much of the Maoist period).[12]

[10] *Ibid.*, 78.

[11] See the columns by William Safire and by Flora Lewis in the *New York Times*, December 10, 1984, p. I:23, and December 11, 1984, p. I:31. The P.R.C.'s statement was soon "corrected" to read "can no longer solve *all* of China's problems." *New York Times*, December 11, 1984, p. I:4.

[12] A Public Broadcasting System special by "Adam Smith" in June 1985 expressed this

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Western academics have tended to be more cautious, as is entirely appropriate in view of the past history of predictions about China's development. Some explicitly assert that China under Deng not only remains, but will continue to remain, a Leninist state ruled essentially on Soviet lines.[13] There is a strong basis for this argument, economic reforms notwithstanding. State planning still dominates the industrial economy in China and, as indicated, the political parallels with the Soviets are even stronger. A massive segment of CCP cadres feels comfortable only in the framework of a stable, bureaucratic oligarchy. The mentality of party cadres in China, as in the Soviet Union, can be characterized as neotraditional—strongly oriented toward personalistic considerations and hierarchy.[14] Even if Deng and those he has gathered around him at the top are firmly situated and mostly reformist (which is arguable), middle- and local-level cadres possess a considerable ability to derail policies that threaten their interests. It bears remembering that reform in the Soviet Union has in the past been stymied by resistance from entrenched interests among the cadres.[15]

An even stronger case can be made against an "end of Leninism" view by emphasizing that it is not simply that China continues to be a system of the Soviet type. Many post-Mao reforms aim to make the P.R.C. less Maoist and *more* like the Soviet Union (or like China in the fifties) rather than more "capitalist" or otherwise non-Leninist. This is true of many, or most, of the rationalizing reforms undertaken since 1976. As one commentator points out in a discussion of Leninist development, the P.R.C.—like its Soviet counterpart earlier—has undergone a period of transition from charismatic rule and has embarked on a process of institutionalization, albeit still in an emergent form.[16] This suggests that there is movement toward institutionalized Leninism, not toward "capitalism" or liberal democracy. Furthermore, the leadership that will succeed Deng may be *less* reformist, and the more conservative elements in the party may prevail in the longer run, as was the case under Brezhnev.[17] Some observers of events in China during 1985 contend that problems caused by Deng's most recent round of economic reforms have strengthened the

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view. In the PBS series, "The Heart of the Dragon" (Part 5, "Working," June 24, 1985), the bonus system was treated as a radical change.

[13] See, for example, Jürgen Domes, *The Government and Politics of the PRC: A Time of Transition* (Boulder, CO: Westview Press, 1985), 253 and 255-58.

[14] See Kenneth Jowitt, "Soviet Neotraditionalism: The Political Corruption of a Leninist Regime," *Soviet Studies* 35 (July 1983), 275-97, at 280, 284, and *passim*.

[15] See Kelley (fn. 6), 30-35.

[16] Domes (fn. 13), 252-53.

[17] *Ibid.*, 257-58.

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hand of conservatives who oppose the reforms (centered around veteran party leader Chen Yun)—to the extent that a "battle to the death" between reformers and conservatives is probably being lost by the reformers.[18]

China as Deviant

In view of the above, is the Soviet present China's future? The application of Lowenthal's concept of conflict and development in communist systems to pre- and post-Mao China shows consistent parallels in the development of the P.R.C. and the U.S.S.R.; finally, however, we must question the appropriateness of a Brezhnevian model for the postrevolutionary phase in China. The possibility that political conditions will lead to a lasting departure from orthodox Leninism deserves more careful attention than it is likely to receive from commentators agog about the blossoming of "capitalism" in the new China. Although many institutional arrangements in the P.R.C. still do not differ markedly from those that have existed in the Soviet Union for two to four decades, and others are in a process of becoming *more* Soviet-like, I submit that the political context in which the institutions exist, and the new elite that is being created to manage them, depart significantly from the Soviet experience.

The exact role played by party vs. professional elites in the advent and nature of a postrevolutionary phase is a critical element in analyzing this departure. In his original formulation of the "development vs. utopia" argument, Lowenthal saw the triumph of a new expert elite over the veteran revolutionary elite as central in producing the conditions for a postrevolutionary phase: the victory would lead to a change in the party's composition and outlook, and to a decline in the role of coercion.[19] As mentioned earlier, some scholars saw this formulation as deterministic because it appeared to imply certain imperatives of economic development.

One critic proposed a somewhat different dynamic for the advent of a postrevolutionary phase, denoted by the concept of "inclusion."[20] In this perspective, a Leninist regime shifts from a posture emphasizing coercion and struggle against social forces to one that seeks to include as many groups as possible under its auspices, with emphasis on the educated urban elite. Consequently, it focuses more on rational organization and ma-

[18] *China News Analysis* No. 1301 (January 1, 1986).

[19] Lowenthal (fn. 2), 11.

[20] Kenneth Jowitt, "Inclusion and Mobilization in European Leninist Regimes," *World Politics* 28 (October 1975), 69-96.

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terial incentives. The difference between this and Lowenthal's postrevolutionary phase is that in Lowenthal's model, the change in regime posture comes about as a more or less automatic result of economic development. In the inclusion model, more emphasis is placed on political choice for the party elite. The regime chooses to change its orientation, and it chooses, for political considerations, to protect its interests: it wants to preempt development of any autonomous social-political elites by coopting them into the party-dominated system. Since it chooses a posture of inclusion, it can also choose to draw back from the posture if it feels threatened: there is no inevitable progress in one direction.

In a recent return to his theme of development vs. utopia, Lowenthal has described the postrevolutionary regime in China and the Soviet Union as a stable but stagnant bureaucratic oligarchy, a product of the triumph of party leaders who want regularized procedures for decision making and conflict resolution.[21] This second formulation of the argument is in fact rather close to the concept of inclusion: Lowenthal's focus now is on party leaders (rather than on experts) who appear as the critical elements in producing a shift in the regime's orientation, and do so because of their own interest in more orderly, institutionalized processes. The "victory of experts" no longer appears in a central role. Lowenthal's second formulation and the inclusion argument accurately reflect the actual course of events in the Soviet Union. Predictions that greater social differentiation and an expanded role for the professional classes would result in "political development" (i.e., liberalization) have not been realized. On the contrary, increased numbers, improved status, and greater influence of the technical-professional strata in the Soviet Union turned out to be compatible with, and perhaps even contributed to, dominance by a strong, conservative party *apparat*.

What conclusions are we to draw? I suggest that if the original model of modernization by Lowenthal and others was an imperfect instrument (and how could a model be otherwise?), and if professionalization in Soviet society and the party did not have the anticipated results, this does not imply some kind of iron law of communist development that can be generalized without further investigation. To the contrary, it leaves a question of why expansion of the professional classes in the Soviet Union did not result in a significant modification of the character of the system. I shall return to the reasons later; my first task is to examine the conditions that exist in the P.R.C.

Deng's China is basically a variant of the Soviet prototype; I would ar-

[21] Lowenthal (fn. 8), 194.

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gue that most of his reforms fall well within the Soviet model, and are meant to strengthen it in a number of respects. As in the Soviet case, the regime has *chosen* to assume a posture of "inclusion" and thus can choose to retreat from it: powerful opposition to reform within the party suggests this as a possible outcome. Nonetheless, over the long term, a "non-Brezhnevian" outcome is probable. The key factors that contribute to an alternative outcome are (1) the timing of the upgrading in status of the professional classes by the regime and (2) the degree of co-optation of first-and second-generation elites by the party. In China, both factors have tended to weaken support for a conservative political outcome; in the Soviet Union, they strengthened it.

To develop this case in the remainder of the essay, I shall discuss the particular form in which revolution from above was replaced in China by a postrevolutionary phase. This phase revolves around the abandonment of a class-struggle posture in favor of a policy of "inclusion." There are two central aspects to the abandonment of revolution from above in the P.R.C.: (1) the redefinition of the class character of Chinese society and of class statuses within it, particularly those of intellectuals and capitalists, and (2) the repudiation of "political campaigns" (*yundong*). The first involves the social structure (marked by hostile or unreliable "reactionary" classes) that necessitated revolution from above; the second concerns the political form employed to carry it out. Both have counterparts in the Soviet experience, but in a different form and sequence. After outlining the Chinese leadership's policies in these two areas, I will examine sources of opposition to these policies. The focus will be on the level of the industrial enterprise, a key area; but generalizations may be drawn for the system as a whole.[22]

The opposition elements belong to what I shall refer to as the "conservative constituency" in China, whose character plays a key role in the argument developed here. In the Soviet case, the conservative constituency would be that combination of forces which resisted the organizational reforms of Khrushchev and ushered in the stable but stagnant Brezhnev era. In particular, Khrushchev's division of regional party committees into agricultural and industrial committees, as well as his plans to rotate cadres out of office and to set up a new control commission to monitor the party, provoked heavy opposition and contributed to his downfall. Some of these plans are mirrored in moves undertaken by Deng, such as setting a retirement age for cadres and instituting fixed terms of office.

[22] Generalizations about enterprise politics in China are based on a series of interviews with emigrés from the P.R.C., conducted by the author in Hong Kong in 1980.

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The conservative constituency in the Soviet Union also includes those who (lest they themselves become vulnerable) favored criticism of Stalin's excesses and curbing of the KGB, but could not countenance demands from those who had been rehabilitated and returned from the labor camps for further investigation and punishment of Stalinist injustices and for the institution of effective legal guarantees against repression. In this sense, of course, Khrushchev himself would be part of the conservative constituency.[23]

In China, the conservative constituency consists of those who, broadly speaking, favor a return to the system as it was before the excesses of the Great Leap Forward and the Cultural Revolution, but want no major departures from that model. Compared to its Soviet counterpart during the post-Stalin period, this group is relatively weak. The proportion of the leadership that is in one way or another disposed toward reform is greater. I shall refer to the latter group as the "reform constituency."

I use the term "reform" advisedly: in the present Chinese context, the word may refer to organizational rationalization, professionalization, market reforms, and/or political relaxation. A person who only supports rationalization may be seen as a conservative, while one who supports all four policies wholeheartedly would certainly be a reformer. Many, including Deng Xiaoping himself, support the four items—particularly political relaxation—to only a certain degree. It is not necessary to propose mutually exclusive camps of conservatives and reformers to speak in terms of "constituencies."

In the present case, the term reform constituency signifies those elites who support, to some degree at least, all the above types of reform. Also included are those who are simply alienated from the system and thus could be said to have a latent interest in change. By examining these constituencies, we shall see that the portion of the present elite (as well as its potential successors) that is not well assimilated within the framework of Leninist orthodoxy in China is significantly greater than it was in the Soviet Union after the death of Stalin—a fact that might be expected to shape future political outcomes.

The End of Revolution from Above

Redefinition of Class Status

As noted earlier, the declaration by the CCP's third plenum of the effective end of class struggle, and the switch to modernization as the par-

[23] See Kelley (fn. 6), 31; Grey Hodnett, "Khrushchev and Party-State Control," in Alex-

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ty's main task, paralleled Khrushchev's declaration in 1961 of the replacement of the dictatorship of the proletariat with the "state of the whole people." It marked a shift in the regime's objectives—from repudiating the excesses of the Cultural Revolution and returning to the *status quo ante* to declaring the advent of a new historical phase. The regime no longer defines the "principal contradiction" in Chinese society as one between hostile classes, but as between economic-technical backwardness and China's potential.

In connection with the third plenum, a wholesale redefinition affected the status of intellectuals, capitalists, and the former "five elements." These five elements (or "five black categories") were landlords, rich peasants, counterrevolutionaries, rightists, and bad elements. "Counterrevolutionaries" and "rightists" were given these labels in political campaigns of the 1950s; "bad elements" had been convicted of criminal offenses. In this essay, we are mainly concerned with intellectuals and capitalists, plus one of the five elements—the rightists: the technical-professional strata are found in these categories.

Although the "state of the whole people" was declared only in 1961, Stalin removed official strictures against nonproletarian elements joining the party in the late thirties, and promoted the training and encouragement of the technical-professional classes. Their counterparts in China had a longer wait. In 1979, thirty years after the Revolution, the regime announced that henceforth intellectuals were to be considered a part of the laboring classes, along with workers and peasants. Tang Tsou quotes a Shanghai official as saying that intellectuals are not to be seen merely as a part of the working class, but as an advanced part of the working class: they are "that section of the working class which grasps advanced scientific and cultural knowledge earlier than any other sections. They are the treasure of our nation. . . ."[24] This highly positive view of intellectuals has subsequently been reflected in the P.R.C. press in various portrayals of the heroic intellectual as a labor model.[25] It is reminiscent of the image of the technical intelligentsia as the prototype for the new utopia propagated by Stalin in the thirties.[26]

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ander Dallin and Alan F. Westin, eds., *Politics in the Soviet Union: Seven Cases* (New York: Harcourt, Brace, 1966), 113-63; and Roy and Zhores A. Medvedev, *Khrushchev: The Years in Power* (New York and London: W. W. Norton, 1978), 19-23.

[24] Tsou (fn. 9), 66.

[25] See, for example, an announcement concerning three deceased "labor heroes," two of whom were intellectuals (one a scientist, one an engineer), in *Xinhua*, March 5, 1983, U.S., *Foreign Broadcast Information Service Daily Report, China* [hereafter cited as *FBIS*], March 10, 1983, p. K3.

[26] See Bailes (fn. 7), 316-17.

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The "striking reversal," in Tsou's words, in the status of intellectuals in China who were branded the "stinking ninth category" during the Cultural Revolution, has a number of corollaries. These include the following policies: (1) as a group, intellectuals are no longer to be regarded as targets for campaigns to "remold their thinking" or as objects for supervision by workers; (2) non-party intellectuals are to be allowed input into the political process; and (3) intellectuals are to be favored rather than disfavored for promotion and for recruitment into the party and Communist Youth League.

The fact that it is no longer necessary to reform the thought of intellectuals is one of the reasons why political campaigns are no longer needed or appropriate. Present policy represents a revival of the positive assessment of the political reliability of intellectuals made in 1956, before the Hundred Flowers campaign (which was reversed by the Anti-Rightist campaign and again during the Cultural Revolution). Both of these movements had technical-professional as well as academic-cultural intellectuals as targets. The Anti-Rightist campaign itself has never been repudiated by the present leadership; virtually all of its targets, however, were rehabilitated in the months leading up to the third plenum.[27] This amounted to an acknowledgment that the earlier policy toward intellectuals had been in error.

Under Deng Xiaoping, the regime has been at pains to show that, despite the persecutions suffered by intellectuals since 1957, it has never been the party's policy to treat them as "aliens." After the upgrading in status, articles in the press maintained vigorously that even in the darkest years there were party members who treated intellectuals well and helped them, and that intellectuals now recognize that the party has always truly cared for them. One highly publicized example was the case of An Zhendong, an engineer who was formerly labeled a counterrevolutionary, and who has now been rehabilitated and promoted by the party.[28]

Another aspect of the new status of intellectuals as advanced proletarians is that the authority of technical personnel over workers in enterprises has been enhanced. During the Mao years, and especially during the Cultural Revolution, the party promoted "three-in-one teams" for technical innovation and problem solving, in which technicians were supposed to listen to and learn from workers. As one former technician put it, "before the Cultural Revolution the workers had to obey (*ting hua*) us,

[27] Hong Yung Lee, "Changing Patterns of Political Participation in China: A Historical Perspective," paper prepared for the Workshop on Studies in Policy Implementation in the Post-Mao Era, Columbus, Ohio (June 20-24, 1983), 21-27.

[28] *Renmin Ribao*, January 4, 1984, p. 1; *FBIS*, January 9, 1984, p. K1.

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but after, we had to obey them." The three-in-one teams have not been mentioned since around the time of the third plenum. In the Soviet Union, early ideas of workers supervising specialists were abandoned toward the end of the 1920s.[29]

The idea that intellectuals and professionals are politically reliable is evident in the party's current United Front policies. The revival of these policies is a major manifestation of the CCP's turning away from revolution from above: intellectuals as well as capitalists are now portrayed by the regime as fit to offer advice on political matters, to shape educational institutions, and to work for the interests of their profession (all at the party's behest, to be sure).

A series of P.R.C. press reports at the end of 1983 provides insight into various aspects of current United Front policy. In November and December of that year, several national congresses and local forums for the "eight democratic parties" plus the All-China Federation of Industry and Commerce and the Revolutionary Committee of the KMT discussed the role of these groups in "serving the Four Modernizations."[30] According to the reports, they were to provide "social services" such as "collecting funds from different fields to run schools," and to advise on educational rules for middle schools. In addition, they were asked to "help party committees and governments . . . and departments and units concerned to implement the party's policies on intellectuals."[31] The latter role refers to the policy of promoting talented professionals, and also to dealing with such problems as "wrong Cultural Revolution verdicts, confiscated goods, and private housing occupied by others."[32]

A second purpose of these meetings was to solicit the opinions and suggestions of non-party people on the new party rectification campaign, which was getting underway at that time. "I thirst to hear the non-party friends' opinions on how to achieve success in our Shandong's party rectification," the provincial party secretary was quoted as saying.[33] According to the reports, items brought up by the non-party people at the forums as a result of the party's "thirst to hear the opinions of non-party friends" ranged from criticism of a restaurant in Wuchang (Hubei) for poor service to complaints in Fujian about the neglect of "talented people," such as a returned overseas Chinese expert on cement who was "cold-shoul-

[29] Sheila Fitzpatrick, "Cultural Revolution as Class War," in Sheila Fitzpatrick, ed., *Cultural Revolution in Russia, 1928-1931* (Bloomington: University of Indiana Press, 1978), 8-40, at 22-27 and 32-34.

[30] *Xinhua* (in English), December 30, 1983; *FBIS*, January 9, 1984, p. K23.

[31] Tianjin City Service, February 13, 1984; *FBIS*, February 13, 1984, p. R4.

[32] *Xinhua*, December 28, 1983; *FBIS*, January 3, 1984, p. K7.

[33] Shandong Provincial Service, January 18, 1984; *FBIS*, January 20, 1984, p. O2.

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dered," and scientists and technicians in a research institute who did not get enough to eat while they were at work.[34]

One might suspect that this concern is all window dressing (perhaps to impress compatriots in Hong Kong or Taiwan with the party's liberality); in view of the experience with the Hundred Flowers campaign, one might marvel that non-party intellectuals solicited for suggestions on party rectification would even venture to offer criticisms about poor service in restaurants. Nonetheless, this United Front activity cannot be dismissed as meaningless. First, it appears that intellectuals did in fact bring up criticisms in connection with the rectification campaign without producing a reaction like the Anti-Rightist campaign of the fifties. In recent comments on party-building, a leading official observed that one of the achievements of the current rectification campaign is that even though some non-party people made severe criticisms, they had not become targets of punishment as in the past. The "severe criticism" mentioned as an example was from a "professor and democratic personage" who complained that veteran cadres are "living in clover," caring only for houses for themselves and jobs for their children, and who said that "corrupt officials are responsible for the destruction of our country."[35] Asking intellectuals to help in the process of "reversing wrong verdicts" of the Cultural Revolution and to aid in achieving better working conditions for their colleagues amounts to delegating some political-legal influence to them on an individual level.

Second, United Front policies affect not only "intellectuals" and "democratic personages," but also former capitalists. The All-China Federation of Industry and Commerce is a businessmen's association that dates back to the pre-1949 period. In 1956 about 720,000 people were classified as "national bourgeoisie" in China; in 1979 there were still approximately 500,000.[36] Before the Cultural Revolution, former owners of industrial enterprises occupied responsible positions in factories and drew high salaries. They also drew interest on their assets and were allowed to keep their bank accounts and private property.[37] On the eve of the Cultural Revolution, a visitor interviewed several former capitalists, one of whom managed his former factory, lived in his 14-room house, kept servants, and was allowed to retain the profits from a Hong Kong business of which he was part owner.[38]

[34] Hubei Provincial Service, January 25, 1984; *FBIS*, January 27, 1984, p. P4; *Fujian Ribao*, January 20, 1984, p. 1; *FBIS*, February 2, 1984, p. O1.

[35] "Bo Yibo Talks About the September Party Representative Meeting . . . ," *Ta Kung Pao*, February 2, 1985; *FBIS*, February 7, 1985, pp. W10-12.

[36] Lee (fn. 27) (quoting *Beijing Review* of April 28, 1980), 21.

[37] *Ibid.*, 31.

[38] Barry Richman, *Industrial Society in Communist China* (New York: Random House, 1969), 894-912.

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Under Deng Xiaoping, the financial assets and property that had been confiscated during the Cultural Revolution were restored. Former capitalists have received back pay and are again at work at high salaries; they have been given a role in attracting investments in joint enterprises from foreign and overseas Chinese businessmen.[39] An interviewee formerly employed by a large machine-building factory in Tianjin described a "United Front work" department that was set up in the enterprise in 1978 or 1979, specifically to see to the interests of the former owners, including finding "suitable" housing for them. Former Shanghai capitalists have been asked to set up companies with their assets.[40] In Hong Kong, there is a multinational land investment company whose chief executive is a P.R.C. businessman (a brother of Wang Guangmei, widow of the late Liu Shaoqi) with a personal fortune. He was reportedly asked by the Chinese government to operate in the Hong Kong market to bolster confidence in China's intention to promote business there after its reversion to Chinese control.[41] The business role assigned to former capitalists, plus solicitation of the advice of their professional association in political matters, along with the "democratic parties," is surely a phenomenon without a parallel in the Soviet experience—which makes the "United Front" concept extremely interesting.

Concerning the third aspect of the redefinition of class status—the recruitment and promotion of intellectuals—a survey of press reports following the third plenum suggests that the Deng regime has the strong intention to advance these policies and that opposition to them is equally strong. The regime's determination is indicated by linking reforms in the treatment of intellectuals with the major party rectification movement that began in 1983:

> Whether party-member leading cadres can truly implement the policy toward intellectuals and arouse their enthusiasm to promote the four modernizations is an important criterion for testing whether these leading cadres can keep in line with the CPC Central Committee. . . . Those who resist the implementation of the party policy toward intellectuals and persist in discriminating against, deliberately making things difficult for, attacking, and persecuting intellectuals must be severely criticized. Apart from that, they should be transferred to other work in light of the seriousness of their mistakes. Disciplinary measures also must be taken against those who have made serious mistakes.[42]

Recruitment and promotion of intellectuals is probably the single most

[39] Tsou (fn. 7), 68.

[40] Louis Krear, "China After Mao: Open for Business," *Fortune*, February 18, 1985, pp. 28-33.

[41] See *Far Eastern Economic Review*, July 12, 1984, pp. 68-69.

[42] *Guangming Ribao*, January 17, 1984, p. 1; *FBIS*, January 31, 1984, p. K4. See also *Xinhua*, January 24, 1984; *FBIS*, January 25, 1984, p. K12.

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controversial area of present policy; we will return to it when discussing opposition to Deng's reforms.

Abandonment of the "Political Campaign"

In addition to redefining class status, the Deng Xiaoping leadership has rejected the "political campaigns" of the Mao era. These campaigns had been part of an effort to control and reshape society and the party by manipulating groups and interpersonal relations rather than by relying on Stalin-type purges and terror. Although they had an educational rather than a punishment-oriented ethic (as expressed in the slogan, "cure the illness and save the patient"), they ultimately became equivalent to the great Soviet purges because of the massive destruction (physical and/or psychological) of the lives of party elites as well as ordinary Chinese citizens who became targets, particularly in the Cultural Revolution. In general, the campaigns involved intense face-to-face "criticism and struggle" within workplaces and in public, in conjunction with inflamed rhetoric in the media. Mao differed from other party leaders, in particular from Liu Shaoqi, in his ideas of mobilizing non-party masses to criticize party cadres. This technique has now been repudiated. Liu and others appear to have favored a more orthodox Leninist approach, in which the party leadership was central and any criticism of cadres was an inner-party process.[43] Nonetheless, certain methods favored by Liu, such as sending work teams from higher levels to lead attacks on local figures, were quite severe in practice, and have been eschewed by the present leadership.

Before the third plenum and the ascendance of Deng Xiaoping over Hua Guofeng, the campaign against the Gang of Four (which began shortly after Mao's death) was carried on in a style essentially like that of the Mao era. Although there was an attempt to avoid the excesses of the Cultural Revolution, the official intent appears to have been to carry out an action in the style of the Three-Anti or the Four Cleanups (1951-1952 and 1965-1966, respectively). Explicit comparisons to these two movements were made in the media.[44] Both were intense, in some cases resulting in the suicides of the targets. During 1978, the campaign in the industrial sector included a number of features associated with earlier ones, such as the dispatch of work teams who substituted for the enterprise party committee in conducting the movement, mobilization of the masses

[43] See Lowell Dittmer, *Liu Shao-qi and the Chinese Cultural Revolution* (Berkeley: University of California Press, 1974), 342 and *passim*, and Franz Schurmann, *Ideology and Organization in Communist China*, 2d ed., enlarged (Berkeley: University of California Press, 1968), 515-19.

[44] *Renmin Ribao*, June 6, 1978, p. 1; *FBIS*, July 12, 1978, p. E11. See also *Xinhua* Domestic Service, May 13, 1978; *FBIS*, May 19, 1978, p. E12.

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for "vigorous exposure and criticism" of the targets in "face-to-face struggle," the use of inflamed rhetoric (e.g., the workers carried out "face-to-face struggle against the gang's sinister henchman and the gang's factional backbone elements . . ."), and so forth.[45] Intense pressure on family members and others to "educate" or denounce the accused was also reported to play a part, as in the past.[46]

The third plenum, in addition to announcing the shift in emphasis from political movements to production, proclaimed that the anti-Gang struggle throughout the country was basically completed.[47] Despite this assertion, the drive to remove beneficiaries of the Cultural Revolution and "Gang followers" continued and, in some cases, intensified.[48] In line with the policy direction of the third plenum, however, the process was conducted under different auspices and in a much different style. The party's Central Discipline Inspection Commission was now charged with discovering offenders through systematic investigation and regularized procedures. The legal system was to be strengthened and called into play. Mass criticism and face-to-face struggle were no longer to be employed. Rectification of the party henceforward was to be an inner-party affair.[49]

The party rectification campaign that began in 1983 continued to have as its goal the elimination of people identified with the Cultural Revolution. Throughout the process of rectification, however, the regime repeatedly emphasized that it should not become a Mao-style "campaign," and that it should avoid the "leftist errors of the past." In early 1985, a leading official stated that another achievement of the campaign so far (in addition to its not being turned against non-party critics) was that "leftism" had been avoided: it had been recognized that "not everyone must make self-criticisms or 'pass the test.' "[50] Rectification must "thoroughly repudiate" the methods of the Cultural Revolution, which include "mass criticism" and the idea of "taking class struggle as the key link."[51] A report on the rectification campaign in the province of Shandong noted that the Provincial Party Committee would be sending out "liaison groups" to municipal committees and provincial-level enterprises, but that these groups were "not like work teams." They were to do "political-ideological work only" and were not to replace the local leadership or even ex-

[45] See report on the Zhengzhou Railway Bureau from *Xinhua*, March 11, 1978; *FBIS*, March 14, 1978, p. H1.

[46] *Xinhua* Domestic Service, February 28, 1978 (report on a *Renmin Ribao* article, n.d.); *FBIS*, March 3, 1978, p. E1.

[47] "Communiqué of the Third Plenary Session . . ." (fn. 9).

[48] See *Xinhua* Domestic Service, September 4, 1979; *FBIS*, September 5, 1979, p. R4.

[49] *Beijing Ribao*, August 23, 1979, p. 1.

[50] "Bo Yibo Talks . . ." (fn. 35).

[51] *Renmin Ribao*, January 25, 1985, p. 5; *FBIS*, February 5, 1985, p. K12.

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ercise leadership jointly with them, as had been done in the past (thus in effect rejecting the "Liu-style" campaign as well).[52]

Opposition to Deng's "Postrevolutionary" Program

Many of the individual policies employed by Mao's successors in abandoning revolution from above are not new. In the fifties, intellectuals were recruited and promoted, and United Front policies were pursued. What is new is that they are now being promoted in a context where class struggle has been declared to be essentially over, where intellectuals have been declared to be a part of the laboring classes, and where the launching of political campaigns has been renounced. This brings us to the question of opposition to Deng's programs—opposition to the redefinition of China's class situation and upgrading of the status of intellectuals, and to abandoning the mass campaigns of the past. Carrying out reforms at model units, such as those often featured in China's media, is not the same as implementing policy in the thousands of large, medium, and small state enterprises and other units throughout China.

Despite accounts of model examples in the P.R.C. press, such as that of Shoudu Iron and Steel in Beijing, objections from various quarters to the promotion of intellectuals to any kind of leading position have not come to an end.[53] A typical article on the problem of intellectuals acknowledged that progress in implementing the policy on intellectuals "has remained very uneven" and, due to "leftist influences," when policies are implemented "some people erroneously hold that intellectuals have been placed in important positions 'to an excessive degree,' that implementation . . . has 'gone too far,' and that intellectuals have been 'too exalted.' "[54] Another article commented on the "uneven development" of the policy of promoting "talented people" to the leading bodies of industrial enterprises: "A handful of people, due to their inabilities and for fear that some excellent new person will surpass them, raise all types of difficulties" about promotions. Especially in the case of intellectual cadres, "a small mistake or carelessness . . . will be exaggerated by such people as a 'political problem' or a 'problem of stand,' and the new cadres will be downgraded or dismissed."[55]

Objections to the promotion of "talented people" are often made on the basis of their "complicated" class backgrounds and social relations.

[52] Jilin Provincial Service, February 4, 1985; *FBIS*, February 7, 1985, p. S1.
[53] *Guangming Ribao*, January 12, 1984, p. 2; *FBIS*, January 25, 1984, p. K13.
[54] Reported by *Xinhua* Hong Kong Service, February 26, 1984 (quoting an article in *Liaowang*); *FBIS*, February 27, 1984, p. K2.
[55] *Renmin Ribao*, February 1, 1984, p. 1; *FBIS*, February 7, 1984, p. K34.

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"Complicated" may refer to bad class background, past political problems, or overseas family connections, to name just three possibilities. A 1979 report on the promotion of a group of engineers to managerial positions and to the party committee of an industrial enterprise noted opposition to this move by people who were worried about the promotees' "complicated social relations." The report stated that the opposition was overcome after lengthy discussion and education.[56]

In 1985, the issue of class background and the question of the reliability and character of intellectuals had scarcely faded, despite the official upgrading of their status. A report from the province of Shandong is revealing: it lists obstacles to the recruitment of "outstanding intellectuals" into the party as (1) the persisting notions of "class struggle as the key link" and "only class origin" (i.e., only class origin should count in the distribution of rewards and opportunities); (2) the practice of "giving prominence to politics" and charging intellectuals with being "indifferent to politics"; and (3) traditional concepts "about certain characteristics of intellectuals being shortcomings" such as "neat dress and lack of communications ability."[57] The idea that intellectuals "lack communications ability" (that is, of the type valued in party circles) was voiced by one interviewee, an engineer, who said that technical people are never listened to in meetings unless the party secretary especially solicits and respects their participation, because "intellectuals are not good at speaking (*jiang hua*)."[58]

Resistance to reforms in the treatment of intellectuals and professionals might be expected to come from several quarters. Older cadres, for example, are likely to "fear that some excellent new person will surpass them"; there are certainly more than "a handful" in industry and elsewhere, of rural background and with little technical knowledge and education. Another group, potentially more troublesome because its members cannot be retired on grounds of age, are "Cultural Revolution college graduates" (1966-1970), who make up 21.4 percent of China's post-1949 total of college graduates. Because the educational policies in force during that time downgraded examinations, grades, and formal education, many of these people had only a primary school education before entering college. Now, according to a recent report, a mere 10-15 percent of them are professionally capable, 20 percent cannot do their jobs, and the rest need

[56] *Beijing Ribao* (fn. 49).

[57] *Dazhong Ribao*, January 17, 1985, p. 4; *FBIS*, February 5, 1985, p. O2.

[58] See also the author Jiang Zilong's depiction of fast-talking cadres in the story "Foundation," in Perry Link, ed., *Stubborn Weeds: Popular and Controversial Literature after the Cultural Revolution* (Bloomington: Indiana University Press, 1983), 142-60, at 155-58.

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"a few years of training." The article noted that there is prejudice against them, and that even the capable ones have low salaries.[59] These individuals would not be happy about policies favoring people with respectable educational (not "Cultural Revolution") credentials. They are not a powerful group, but there are relatively many of them, and they are young.

A further source of resistance may be found in factory party secretaries and old-style factory managers (e.g., Red Army veterans), a very sizable group. In August 1984, the party announced that 40 percent of factory directors of the 3,000 largest enterprises and 70 percent of the party secretaries who are not educationally qualified were to be replaced within a year.[60] Although this group overlaps to a large extent with the category of older cadres who can be retired more or less routinely and thus do not constitute a significant opposition, that is not true in all cases. The regime has seen fit to admonish enterprise party secretaries to study the example of a newly appointed "model" secretary who actively assists the new factory manager in promoting intellectuals, and to "match words with deeds in reform."[61] Such admonishments would not be necessary if all the party secretaries who are "conservative" and oppose reform were old and could easily be retired.

Many factory cadres at the middle level (i.e., below the level of enterprise party secretary or manager) also oppose the promotion of intellectuals. In the example just mentioned, one of the problems of the party secretary involved some leading administrative cadres, newly appointed by the factory manager, who were not party members. After their new posts were announced, these cadres "were extremely diffident, fearing that the party committee and party members would not support them." Their fears were well-grounded, because some heads of workshops or staff sections were "disrespectful toward the newly appointed administrative leading cadres and did not cooperate with them." Moreover, a "handful" of unspecified people opposed the "capable people" slated for promotion and "even concocted slanders against them."[62] Interviews with emigrés indicate that this kind of behavior is not unusual.

Finally, cadres in personnel and organization departments at all bureaucratic levels rank high on a list of potential opponents to the upgrading of intellectuals and professionals. These individuals have generally been recruited for their political activism, which for several decades in-

[59] *China Daily*, February 6, 1985, p. 3; *FBIS*, February 7, 1985, p. K15.

[60] Qiao Shi, "Jianshihao qiye lingdao banzi" [Do a good job of consolidating enterprise leading groups], *Renmin Ribao*, August 26, 1984. Reference with thanks to Professor Jeremy Paltiel, University of Alberta.

[61] *Xinhua*, February 7, 1985; *FBIS*, February 15, 1985, p. K2-6.

[62] *Ibid.*

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volved paying attention to people's class backgrounds and political histories; have been drawn heavily from the ranks of workers or the military with impeccable class backgrounds; have regarded their work as the special province of the party; and have accumulated many connections.[63] The press has noted a serious problem with the

> conventions of cadres and personnel departments, namely, stressing seniority and connections. . . . stressing one's connections means that those who are familiar with personnel departments, those who are old friends of leading cadres in particular, will be promoted first, and those with excellent talents who have fewer connections and are unfamiliar with people will usually be given the cold shoulder.[64]

Because of the social and political gulf, it has, to say the least, been difficult for intellectual cadres to be "old friends" with personnel cadres.

Press descriptions of party rectification in 1985 indicate that the opposition to abandoning mass political campaigns is also a persisting phenomenon. This is true in spite of the fact that disillusion with Mao-style campaigns is widespread both inside and outside the party and was a major factor in the fall of Hua Guofeng, who declined to repudiate them, and in the rise of Deng, the most prominent living victim of political campaigns. An article which stated that in the current party rectification, Cultural Revolution practices must be "thoroughly repudiated," also noted that "taking class struggle as the key link" is still a residual influence, and admonished "our comrades responsible for ideological work" to pay heed.[65] Another article referred to the fact that "some people think rectification has been perfunctory" because there have been "no mass criticism rallies."[66]

Significant numbers of middle- and lower-level cadres will jump at the chance to carry on an old-style campaign. For example, the campaign against spiritual pollution, which was launched in late 1983, for a time appeared on the verge of becoming such an old-style "campaign" as a result of the overenthusiastic response of cadres to Deng's call to "eliminate spiritual pollution." The fact that its radical thrust was associated with Deng Liqun, the head of the party's Propaganda Department at the time, together with more recent admonitions to "our comrades responsible for ideological work," suggests that a major source of opposition to the abandonment of campaigns has come from propaganda cadres at various levels. It is not necessarily limited to this group, however. A prime function

[63] This picture of the typical personnel cadre emerged from interviews.
[64] *China Daily* (fn. 59).
[65] *Renmin Ribao* (fn. 51).
[66] Jilin Provincial Service, February 3, 1985; *FBIS*, February 5, 1985, p. S2.

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of political campaigns since the fifties was to recruit new activists into the party; these recruits tended to be persons with certain types of skills. In the words of a former member of a Four Cleanups work team, which was charged with carrying out the campaign in two factories in 1964-1965, the activists recruited at that time were people who volunteered to help the team in its investigations and who "dared to engage in face-to-face struggle." A large portion of those who entered the party not only after but also before the Cultural Revolution are people whose main credentials are of this kind; a political campaign would give them a chance to do what they do best.

To sum up, sources of opposition to Deng Xiaoping's abandonment of class struggle and revolution from above at the enterprise level and in the system more generally include (but are not necessarily limited to) the following categories of people, some of which overlap: older cadres who lack technical skills; Cultural Revolution college graduates without proper skills; enterprise party secretaries; personnel and security cadres; propaganda cadres; and the large number of party members and cadres who were recruited and/or promoted for their skill in waging political campaigns. The last category includes but is not limited to cadres promoted during the Cultural Revolution.

Weakness of the Conservative Constituency in China

Let us now turn to my contention that the "conservative constituency" in China is relatively weak compared to its Soviet counterpart in the post-Stalin period; that the "reform constituency" is relatively stronger; and that the latter is relatively less assimilated to the status quo. The forces that would tend to support a conservative posture on the part of the regime (that is, elimination of the excesses of the Cultural Revolution, but no other major changes in the system) are weaker than their Soviet equivalents were, for several reasons.

In the Soviet Union, great numbers of the first post-1917 generation of adults joined the ranks of the "new red specialists" trained in the thirties who, in general, were rewarded by the system and had an interest in its maintenance and reason to be loyal to it. In China, the postrevolutionary generation had a different experience. They were blocked from advancement by old cadres or because they had problematic class backgrounds. (The latter were much more of an obstacle to upward mobility than they were in the Soviet Union.) In 1966, many joined the Cultural Revolution as activists and overthrew the old cadres in their workplaces or schools and in higher-level party offices. But unlike the Soviet purges that devastated the ranks of the Old Bolsheviks and the veteran "red directors"

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of enterprises among others, the Cultural Revolution did not permanently eliminate the old cadres in China. By 1969, or in industrial enterprises by 1972 at the latest, many of them returned to reoccupy their posts. Young people who had "rebelled" in answer to Mao's call were in turn sent down to "resettle" in the countryside, from where it was difficult to return. This included young people of both good and less good class backgrounds, and meant that potential new *apparatchiks* and specialists were both being shunted aside. (The children of cadres had a better chance of returning from the countryside by "going through the back door.")

Thus, the younger generation in China was not only denied the opportunity to become "new red specialists" that their Soviet counterparts had enjoyed, but lost out on even a basic education. Many came to see themselves as a "lost generation"; their fate became a theme of the "wounded" literature of the late seventies.[67] Those who did go to college and obtained positions are now looked down upon as "Cultural Revolution graduates." As a result, a large portion of the generation that, in the Soviet Union, provided top leaders and formed a solid mainstay of the system is, in China, a source of reform sentiment or of alienation.

Exclusion of this group from a conservative constituency would still leave old cadres (those whose service began before the Cultural Revolution) and new cadres (youths who were promoted during the Cultural Revolution and did not become part of the "lost generation") as the basis for a status quo constituency. The new cadres, who retained their positions when the old cadres returned after the Cultural Revolution, have been the target, both before and after the death of Mao, of an ongoing effort to weed them out. The present party rectification is intended to finish this job by eliminating any of the "three kinds of people" (a term for those who profited unduly from or committed excesses during the Cultural Revolution) who still remain in office and who might "sneak into the new third echelon" of successors to the present generation of cadres.[68] The position of the new Cultural Revolution cadres is precarious, unlike that of the group in the Soviet Union who stepped into posts vacated by Old Bolsheviks in the purges. Although, under Stalin, anyone with responsibility was to some degree in a precarious position, the newly promoted specialists were never as a group targeted for purging.

The position of China's old cadres—counterparts of the Old Bolsheviks and old red directors—is ambiguous; despite the presence among them of staunch conservatives (such as, at the top level, Chen Yun), they

[67] Good examples of this genre may be found in Link (fn. 58).

[68] See Bo Yibo's comments on the objective of keeping the "three kinds" out of the third echelon in "Bo Yibo Talks . . ." (fn. 35).

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also provide a reform constituency. Tang Tsou has argued that the experience of leaders such as Deng (and others at the lower levels), who became the targets of class struggle in the Cultural Revolution and then survived, has led them to "search their souls" about how such a miscarriage of the revolution could have happened, and to become open to institutional changes that would prevent a recurrence.[69] This is a key insight. Although Stalin's successors also wanted to prevent the excesses of the past, theirs was the vantage point of beneficiaries of the excesses, not the perspective of victims. Thus, Khrushchev and his associates could not go along with the demands of the seven to eight million people who had survived the labor camps and been rehabilitated by him, for more investigation, publication of historical records, and denunciation of crimes of the Stalin era, as well as for institution of due process of law and other radical changes.[70] However shocked Khrushchev and others apparently were to learn of the magnitude of the purges, their own hands were not clean; unlike Deng and many others in China, they had not been treated to the personal experience of being targets.

Among the old cadres in China who repudiate the Cultural Revolution but oppose institutional changes, many are vulnerable not only because of their age but also because of their predominantly rural backgrounds and lack of education. There are, of course, others who are not old enough to be retired and have not been motivated to search their souls and look for new institutional forms. Although they have a common interest in opposing the upgrading in status and the recruitment and promotion of intellectuals, they cannot form a solid opposition because they are disunited by the old cadre/new cadre split that resulted from the Cultural Revolution, and because as a group, they are not well educated. In short, the "conservative constituency" is politically and generationally split at the lower levels and is generally lacking in educational credentials at all levels. Moreover, its ranks are reduced because of the loss of a new generation of members during the Cultural Revolution, and because many of the older generation (including the top leader himself) became disillusioned with the past in a very personal way. None of these factors existed in the Soviet case.

The Reform Constituency

Some of the reasons for the relative strength of the reform constituency have already been indicated. In China, the counterparts of those who benefited from Stalin's policies in the Soviet Union were alienated by Mao's

[69] Tsou (fn. 9), 56-57.
[70] See Medvedev and Medvedev (fn. 23).

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policies. In addition to the groups already mentioned, the old specialists and educated people in China were heaped with abuse and barred from playing a role in education or exercising authority in production for more than a decade. They have little reason to be attached to the party-dominated status quo, even in a form that predates the Cultural Revolution. (During the fifties they were battered by the anti-Rightist campaign.) At the same time, the value of the old technical and professional educated classes is even greater to the regime than was that of their Soviet counterparts, the "bourgeois specialists" in the thirties. Because no large new generation was trained under Mao, there are now not enough new red experts to rely on, at least not in the numbers required for the modernization goals. In this sense, Deng's regime is in a position comparable to that of Stalin at the end of the twenties. This might not be relevant politically if one could assume that now, under the new policies in China, the old intellectuals would welcome the chance to be co-opted, and that the younger ones would follow in their footsteps. There is certainly a basis for this view. Still, assimilation of the technical-professional class is a much more difficult matter in China than it was in the Soviet Union.

The problematic nature of the assimilation of professionals in China is a legacy of Maoist policies. Intellectuals were subjected to treatment that encouraged them to consider themselves as a pariah group; this consciousness was passed on by the pre-1949 generation to their offspring because of the party's class policy, which gave people who grew up after 1949 the "class labels" of their parents (or even grandparents), and used these categories as a basis for the denial of rewards and opportunities.[71] Although they were subjected to the "class struggle" tactics of political campaigns, they were not liquidated as a group. In the Soviet Union, some old specialists were eliminated in the purges of the thirties while the rest were rewarded; in China, fewer were eliminated but all were degraded.

In addition, the composition of the middle class in postrevolutionary China is different from that of the Soviet Union because elements of the business class were retained in China. This retention is not only in the sense of their serving as officials, but also in the sense of their being *business people*, as indicated in the discussion of United Front policies. Individuals and families have connections with overseas Chinese, are often Western-educated, and are intertwined with the intellectual class at its upper reaches. The middle class therefore has a more definite identity

[71] See Anita Chan, Stanley Rosen, and Jonathan Unger, "Students and Class Warfare: The Social Roots of the Red Guard Conflict in Guangzhou," *The China Quarterly* 83 (September 1980), 399-446.

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than its Soviet counterpart had (if indeed we can speak of a Soviet counterpart). Because of their overseas connections, these Chinese have reference groups other than just P.R.C. society. This will continue to be the case with the new generation, thousands of whom are being sent to the West for education. A Taiwan publication maintains that intellectuals in China are waiting for this new generation to return and take up responsible positions, at which time they expect a new order to emerge.[72]

Conclusion

Deng Xiaoping has embarked on a drive to initiate reforms; some are very similar to Khrushchev's, such as a limited term of office for cadres. The parallel between the Khrushchev and Deng situations breaks down in a number of ways, however. In at least one important sense, Deng is not a valid counterpart to Khrushchev. The Soviet leader was a beneficiary rather than a victim of Stalin's excesses (as were all his contemporaries at the top of the Soviet hierarchy). A hypothetical Soviet parallel to Deng's situation would be if, say, Bukharin had survived and eventually become the post-Stalin leader, and had then attempted peacefully to remove from office both other old Bolsheviks (whom he had earlier rehabilitated) and elements of the next generation most closely identified with Stalin (such as perhaps Khrushchev and most of the others who became top party officials with him). This is essentially what Deng is attempting to do in order to realize his particular vision of the future.

In this effort, he has had to turn to the technical-managerial elite for support more than any Soviet politician ever did. He must still deal with the equivalent of the Old Bolsheviks who were not eliminated by purges; he cannot rely on the younger generation of party members and cadres that has been tainted and/or made useless by the Cultural Revolution; and he is faced with a fair number of people who would like to see political campaigns revived. He must perform a complex balancing act. To complicate matters further, as a result of Mao's policies, the technical-managerial elite remains quite small. Because Deng must train a substantial new contingent, large numbers are being sent abroad. In the Soviet case, expansion of the technical-managerial elite took place not when its support was being solicited in a delicate political balancing act, but when Stalin, with the help of the secret police, was in the process of crushing all opposition, including any from the technical-managerial sector. Moreover, in the thirties the new Soviet experts were not sent to the West for

[72] *Asian Outlook* 19 (November 1984), 15.

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training, but received it from existing personnel—the old specialists. This had two results: first, the new Soviet elite absorbed the traditional viewpoints and methods of the old prerevolutionary specialists, rather than of Western models; second, they owed their training entirely to the Soviet state and not to foreign institutions.[73]

A critical question of timing is involved here. In the Soviet case, Khrushchev's 1961 declaration of the state of the whole people had been preceded by five years of de-Stalinization, following his "secret speech" at the Twentieth Party Congress in 1956, in which he denounced the "cult of personality" and revealed the nature of Stalin's crimes against innocent victims. In the years that followed, large numbers of people were rehabilitated, much of the *gulag* system was dismantled, and the powers of the secret police were restricted.[74] To some degree, however, a revolutionary, class-struggle posture had already been abandoned by Stalin (albeit simultaneously with the purges) with respect to the middle classes. For example, restrictions on nonproletarian elements joining the party were removed in the thirties, and large numbers of professionals were recruited into the party and for top positions in industry.[75]

In short, the elements that add up to an end of the revolutionary phase emerged in the Soviet Union over a protracted period. In China, the third plenum also followed a period of repudiation of the past, in the form of the campaign to criticize the "Gang of Four" and to blame them for ten years of suffering and chaos; it was associated with Deng Xiaoping's program to rehabilitate victims of the Cultural Revolution. As the regime declared an end to class struggle and to Mao-style political campaigns (analogous to the Stalinist purges), it also upgraded the status of intellectuals by declaring them to be part of the laboring classes. The latter action essentially began a process parallel to one that had been started by Stalin in a much earlier phase of Soviet development: the assimilation of professionals into the party-dominated system. In other words, two developments—the partial merging of party and professional elites and the abandonment of revolution from above—took place in the Soviet Union at different times and under different regimes; in China, they are being attempted simultaneously under Deng Xiaoping. This action presents a more difficult problem of maintaining control.

Deng's alliance with and support of the professional classes in no way suggests that he or his immediate circle envisions an end to the leading

[73] On the conservative character of the old specialists, see Bailes (fn. 7), 136 and 422-25; Azrael (fn. 3), 112-15.
[74] Lowenthal (fn. 2), 77.
[75] *Ibid.*, 58-59; Bailes (fn. 7), 161-87.

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role of the party or of Leninist orthodoxy. Official directives emphasize that, in recruiting intellectuals, "standards are to be maintained" and intellectuals are to be "trained, educated, and examined" to fortify their "communist ideology and consciousness."[76] Clearly, the leadership hopes to co-opt these groups and thereby gain control over them, as was the case in the Soviet Union. In addition to the social-political factors, however, Deng's instrument for producing the desired result is a communist party that has some major shortcomings as an "organizational weapon."

The ability of the party leadership to induce people to fall into line should not be underestimated. Emigrés and others indicate, however, that before the Cultural Revolution, the party at the enterprise level and elsewhere showed a marked tendency to identify with various kinds of local concerns, professional and/or personalistic, or to be penetrated by old elites. By all accounts, personalistic ties and networks operating at local levels and unresponsive to central demands became even more pervasive as a result of the Cultural Revolution. With the present loosening of state control over the economy, all such local threats to the efficacy of the party as a Leninist organization are plainly manifest. In 1985, the leadership appeared frustrated by the lower levels' repeated refusals to obey central commands not to take improper advantage of the new urban reforms.[77]

Thus, a combination of factors—the political context and timing of Deng's reforms and the organizational character of the CCP—suggest that whatever the regime's intentions, a "Brezhnevian" postrevolutionary phase is not a highly probable outcome for the PRC over the long term. This is less to say that Deng's reforms are guaranteed to succeed than it is to suggest that a conservative alternative will not be sustained, leaving a future as yet uncharted by a Leninist regime.

[76] Henan Provincial Service, January 17, 1984; *FBIS*, January 23, 1984, p. P2; Shandong Provincial Service, January 23, 1984; *FBIS*, January 24, 1984, p. O5; Hubei Provincial Service, December 18, 1983; *FBIS*, December 19, 1983, p. P4.

[77] Beijing Domestic Service, February 6, 1985; *FBIS*, February 12, 1985, p. K11.

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THE RISE OF BUREAUCRATIC AUTHORITARIANISM IN SOUTH KOREA

By HYUG BAEG IM*

Introduction:

Toward an Analytical Framework for Industrialization and Regime Change

IN this paper, I investigate why a bureaucratic-authoritarian (hereafter BA) regime emerged in South Korea during the early 1970s. The regime transition was the outcome of conflict among key political actors who were constrained, although not in a deterministic way, by the change in the Korean economic structure. It can be understood as the outcome of strategic choices made by key political actors among alternatives that satisfied structural constraints.

The case of regime transition in Korea is useful not only to elucidate the dynamic relation between economic structure and political regime change. It also allows us to reformulate the BA model that was initially developed from the analyses of Latin American countries such as Brazil, Argentina, and Chile. In disputing the thesis of the original BA model—which viewed the political crises leading to authoritarian regimes as the reflection of a structural transformation from the stage of import-substitution industrialization (ISI) to that of the "deepening" of the productive structure—I argue that structurally created constraints lead to political crises of democratic regimes only if contending political actors cannot compromise on an alternative feasible development strategy that could resolve distributional conflicts. Thus, authoritarian regime transition is not structurally determined, but contingent upon the outcome of class conflicts.

After discussing the theoretical limitations of the BA model, I shall explore an analytical framework based on class conflict in distributional struggle and shall apply it to the Korean experience of regime transition.

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The Bureaucratic-Authoritarian Model and Its Critiques

In the late 1950s and early 1960s, modernization theorists expressed optimism about the prospects for democracy in economically advanced third-world countries. Industrialization and economic growth were expected to generate the preconditions for democracy automatically.[1] Contrary to the theory, however, extraordinary economic growth and industrialization in some countries of Latin America and East Asia in the late 1960s and 1970s did not lead to the development of democratic institutions.

In the wake of this experience, different theories of the relation between economic development and political change emerged. Guillermo O'Donnell, in particular, argued that large-scale heavy industrialization and economic development are associated with military takeovers and the rise of bureaucratic authoritarianism.[2]

According to O'Donnell, the rise of BA regimes has been closely related to structural changes in dependent capitalism. Developmental bottlenecks at the late stage of import-substitution industrialization led to the appearance of many symptoms of crisis, such as an adverse balance of payments, inflation, and negative redistribution of income. In this stage, the "deepening" of productive structure (that is, "vertical integration and property concentration in industry and the productive structure in general, basically benefiting large organizations, both public and private, national and foreign,"[3] emerged as a viable solution to the economic crisis. Because the deepening requires increased capital, technology, and organization, only the state and international capital can undertake this new project.

Social order and economic stability are necessary to provide guarantees. Thus, a BA regime emerges as a functional requirement for the change in productive structures in the dependent capitalist economy because the basic requirements for the deepening could hardly be met within the political and social order of populism. Popular political activation and economic demands generated by the exhaustion of import-

[1] A typical example of the thesis is found in Seymour M. Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review* 53 (March 1959), 69-105. Revisionist modernization theorists criticized this thesis of political development. Samuel P. Huntington, for example, argued that, without institutionalization, economic development is not likely to lead to political democratization, but may result in praetorianism. See Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

[2] O'Donnell initially offered the BA model in *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* (Berkeley: University of California Press, 1973).

[3] Guillermo O'Donnell, "Corporatism and the Question of the State" in James M. Malloy, ed., *Authoritarianism and Corporatism in Latin America* (Pittsburgh: University of Pittsburgh Press, 1977), 54.

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substitution industrialization must be tightly controlled in order to "guarantee the social peace necessary for these faltering capitalisms to obtain new transfusions of international capital":[4]

> The BA is a system of exclusion of the popular sector, based on the reaction of dominant sectors and classes to the political and economic crises to which populism and its developmentalist successors led. In turn, such exclusion is the requisite for attaining and guaranteeing "social order" and economic stability; these constitute necessary conditions to attract domestic investments and international capital and, thus, to provide continuity for a new impulse towards the deepening of the productive structure.[5]

O'Donnell's thesis has contributed to the demystification of modernization theory with regard to the political economy of regime change. It has synthesized many research projects concerning dependent development, corporatism, populism, and the peripheral capitalist state. Nevertheless, the thesis has its critics.[6]

First of all, O'Donnell is criticized for his economic determinist view of regime change.[7] Just as populism was associated with the stage of import-substitution industrialization in his model, bureaucratic authoritarianism has an "elective affinity" with the advance of internationalization of the internal economy. Thus, O'Donnell presupposes that a political regime is determined by the structural changes in the economic system. But every structural change in an economic system does not determine the political outcome. In Colombia and Venezuela, for example, democratic regimes have implemented policies of economic restructuring that, according to O'Donnell's thesis, could only be carried out by BA regimes.[8] Even

[4] Guillermo O'Donnell, "Reflections on the Patterns of Change in the Bureaucratic-Authoritarian State," *Latin American Research Review* 13 (No. 1, 1978), 13.

[5] *Ibid.*, 13-15.

[6] William L. Canak as well as Douglas C. Bennett and Kenneth E. Sharpe have provided reviews of evaluations and critiques. See Canak, "The Peripheral State Debate: State Capitalist and Bureaucratic-Authoritarian Regimes in Latin America," *Latin American Research Review* 19 (No. 1, 1984), 3-36, and Bennett and Sharpe, "Capitalism, bureaucratic authoritarianism and prospects for democracy in the United States," *International Organization* 36 (Summer 1982), 633-50. Fermin D. Adriano and Jonathan Hartlyn, respectively, criticized the BA thesis through case studies of the Philippines and of Colombia. See Adriano, "A Critique of the 'Bureaucratic Authoritarian State' Thesis: The Case of the Philippines," *Journal of Contemporary Asia* 14 (No. 4, 1984), 459-84; Hartlyn, "The Impact of Patterns of Industrialization and of Popular Sector Incorporation on Political Regime Type: A Case Study of Colombia," *Studies in Comparative International Development* 19 (Spring 1984), 29-60.

[7] For the critique of economic determinism in O'Donnell's model, see the articles by Albert O. Hirschman, José Serra, and David Collier in David Collier, ed., *The New Authoritarianism in Latin America* (Princeton: Princeton University Press, 1979); George Philip, "Military Authoritarianism in South America: Brazil, Chile, Uruguay, and Argentina," *Political Studies* 32 (March 1984), 1-20; and Adriano (fn. 6).

[8] For the discussion of economic restructuring within the framework of a semicompetitive formal democracy in Colombia, see J. Mark Ruhl, "An Alternative to the Bureaucratic-Authoritarian Regime: The Case of Colombian Modernization," *Inter-American Economic Af-*

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though Colombia and Venezuela suffered from economic problems similar to those of Argentina and Brazil, they escaped bureaucratic authoritarianism because the ruling power bloc found a compromise solution with subordinate classes.[9]

Another disputed point is functionalism in O'Donnell's thesis that deepening requires the strong intervention of the state in civil society in order to induce the transfer of international capital which has the necessary financial capacity and technological expertise. To this end, the state must guarantee stability and predictability, which may be sought through repression of the political and economic demands of the masses. In many cases, however, such functional requirements are a consequence rather than a cause of bureaucratic authoritarianism.[10]

The flaw in this functionalist argument is that it leads us to regard bureaucratic authoritarianism as the most rational and efficient political regime that satisfies a necessary condition for guaranteeing the consolidation and reproduction of dependent capitalist accumulation. But José Serra finds that a BA regime need not be the most rational and efficient political regime in order to deal with economic growth, balance of payments, inflation, and resource allocation.[11] Moreover, the functionalist formula has its own pitfalls in explaining the collapse of a BA regime. If the functional needs are no longer necessary, a BA regime ought to collapse. But, because BA regimes endure even in the absence of functional requirements, O'Donnell's thesis is questionable.[12]

An Alternative Analytical Framework

An alternative framework of analysis for regime transition can overcome the theoretical problems in the BA model of explanation.

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fairs 35 (Autumn 1981), 43-69, and Hartlyn (fn. 6). For the Venezuelan case, see Terry L. Karl, "Petroleum and Political Pacts: The Transition to Democracy in Venezuela," in Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Latin America* (Baltimore: The John Hopkins University Press, 1986), chap. 9.

[9] Colombia's bipartisan National Front regime and Venezuela's Acción Democrática (AD) are good examples of political arrangements of compromise and concession to accommodate conflicts of interests among social classes and groups arising from structural economic change. See Hartlyn (fn. 6), Ruhl (fn. 8), and Karl (fn. 8).

[10] Michael Wallerstein, "The Collapse of Democracy in Brazil: Its Economic Determinants," *Latin American Research Review* 15 (No. 3, 1980), 12; Albert O. Hirschman, "The Turn to Authoritarianism in Latin America and the Search for its Economic Determinants," in Collier (fn. 7), 81.

[11] José Serra, "Three Mistaken Theses Regarding the Connection between Industrialization and Authoritarian Regimes," in Collier (fn. 7).

[12] I am careful not to read all of O'Donnell too rigidly. In later writings, he tried to redress the theoretical flaws of functionalism. For example, he used a strategic-choice analysis in "State and Alliances in Argentina, 1956-1976," *Journal of Development Studies* 15 (October 1978), 3-33.

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First, the concepts of "political regime" and of "political regime change" must be defined. Cardoso usefully defines "political regimes" as the formal rules that link the ruling power bloc and the popular masses within the principal political institutions.[13] If we accept this definition, political regime change is the change in the procedural rules and institutions that results from the conflict among classes and groups about defining, making, and revising those rules. This kind of definition distinguishes a democratic regime from an authoritarian one by formal, procedural, and institutional rules. The main difference between democratic and authoritarian regimes is that the former guarantee the right to participate in political conflict and competition, and the latter deny it. Democratic procedures and institutions do not guarantee the substantive realization of the interests of anyone, but only provide rules to decide distributional and other conflicts; BA regimes exclude the popular masses from participating in the distributional conflict. The economic exclusion of the popular masses from sharing the new wealth generated by industrialization may be the consequence of political exclusion; but in itself, it is not a determinant that distinguishes a BA regime from a democratic one. We cannot say that a regime is bureaucratic authoritarian simply because the economic interest of the massses are not realized.

How, then, are changes in the economic system related to regime change?

Regime change is likely when a change in the balance of power of class forces leads to the intensification of distributional conflict. Each party tries to organize the economy in its own favor. If the ruling power bloc and the masses cannot reach a compromise on the organization of the economy, the resulting conflict provides an opportunity for regime change. When the regime changes, the economic system is either maintained, completely changed, or partly reorganized. Thus, the organization of the economy is not predetermined, but is itself an object of conflict among groups or classes. The economic system does not evolve in accordance with purely economic laws of the capitalist mode of production, and political regime change is not merely an adaptation to the evolution of the economy. Political regime change occurs not because a new political regime is functional to resolving the incompatibility between politics and economics, but because political actors (e.g., working class, capitalist class, the state etc.) cannot or do not want to compromise. Therefore, political regime change is contingent upon the result of class conflict in an economic crisis.

[13] Fernando H. Cardoso, "On the Characterization of Authoritarian Regimes in Latin America," in Collier (fn. 7), 38.

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But economic and political conflict cannot be converted to class reductionist terms. In many third-world countries—even those that are fairly industrialized—class politics is less salient than in advanced capitalist countries. Compared to the advanced industrial countries, the organization of classes remains very low. National politics is not based on the support of class constituencies; regional, ethnic, or sectoral cleavages have a much greater influence on national politics. The fact that class politics is marginal, however, does not mean that class compromise is absent. In fact, class compromise does not occur in class reductionist terms but, in many cases, in people/power bloc terms.[14] Under conditions of weak class organization, subordinate classes try to organize the "people" as a political force against the "power bloc" and to coordinate class interests with popular interests. Conversely, the power bloc tries to disorganize popular forces or to organize the people under its own leadership.[15]

Democratic institutions (elections, parliaments, judicial systems, and so forth) provide the framework within which distributional conflicts between people and power bloc are managed. Thus, although the workers are not organized as a class, they can participate in distributional conflicts not as members of a class but as citizens or voters through democratic institutions and processes.

Authoritarian Transition in Dependent Capitalism

How do BA regimes arise in advanced dependent capitalist countries?

The main characteristic of capitalism in such countries is the internationalization of the local economy. The local economy becomes dependent upon the finance and technology of international capital. "Nontraditional" goods are manufactured for export. An internationalized oligopolistic bourgeoisie emerges. It is plausible, as suggested by the BA thesis, that policy requirements derived from the structural constraints of the internationalist model, such as stabilization and securing the confidence of international capital, impose a funnel-like narrowing of the coalitional choices and institutional alternatives available to the power bloc.[16]

However, the constraints of the internationalist model do not necessarily require a BA regime. Transnational firms do not always favor au-

[14] For a discussion of people/power bloc contradictions, see Ernesto Laclau, "Towards a Theory of Populism," in Laclau, *Politics and Ideology in Marxist Theory* (London: New Left Books, 1977).

[15] Bob Jessop, "The Political Indeterminacy of Democracy," in Alan Hunt, ed., *Marxism and Democracy* (London: Lawrence & Wishart, 1980), 63.

[16] Robert R. Kaufman, "Industrial Change and Authoritarian Rule in Latin America," in Collier (fn. 7), 248.

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thoritarianism and are not always hostile to democratic regimes unless the policies of the host country overtly threaten their basic interests in profiting from investment. Because the interests of transnational firms are predominantly economic, the democratic regime is also acceptable to such firms when mutually beneficial relations with the host countries can be established.[17] For example, when a transnational firm is involved in the production of consumer goods for middle and lower income groups, it favors a redistributive income policy that will expand the local market. The investment of the transnational firm thus increases the favorable conditions for class compromise and so strengthens the potential for democracy.

Aside from the specific case, international capital is generally indifferent, not antagonistic, to democracy. Because international capital is mobile and not bound by the territorial sovereignty of the host country, transnational firms can disinvest and leave the host country whenever the costs of staying outweigh those of leaving. Thus, even in an internationalized economy, the state and local bourgeoisie, not international capital, are left with the responsibility for the reproduction of consent of the popular masses to the political regime.[18]

The local bourgeoisie in dependent capitalist countries does not have a natural tendency to favor authoritarianism. Because authoritarian regimes have difficulties in acquiring legitimacy, the industrial bourgeoisie favors democracy over authoritarianism if its interests can be satisfied within the framework of democratic institutions.[19]

Democracy is possible under an internationalized economy when the state, the local bourgeoisie, and the working masses can compromise. Compromise is possible if the fundamental interest of the bourgeoisie—that is, the maintenance of capitalist accumulation—is compatible with a moderate redistribution of income benefiting workers.[20] Thus, democratic institutions can be maintained conditionally. A material base must exist so that class compromise or people/power-bloc compromise can be attained. Under dependent capitalism, capitalists and the state must guarantee minimal material well-being of the masses without fatally sacrificing profits, despite the constraints imposed by the internationalization of

[17] David G. Becker, "Development, Democracy, and Dependency in Latin America: a post-imperialist view," *Third World Quarterly* 6 (April 1984), 411-31.

[18] Adam Przeworski, "Capitalism, The Last Stage of Imperialism," paper presented to the Congress of the International Sociological Association (Upsala, Sweden, August 1978), 13.

[19] The support of Brazilian industrialists, especially those in the São Paulo area, for the *abertura* (opening) after 1975 is a good example. See Luiz Bresser Pereira, *Development and Crisis in Brazil, 1930-1983* (Boulder, CO: Westview Press, 1984), 190-99.

[20] Luiz Bresser Pereira, "Six Interpretations of the Brazilian Social Formation," *Latin American Perspectives* 11 (Winter 1984), 62-63.

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the economy. In an economic crisis, the material base of compromise is reduced, and consequently compromise becomes more difficult. When the outcome of distributional conflict is unacceptable to either capitalists or the working masses, a political crisis may result.

Nevertheless, an economic crisis does not necessarily result in a political one, because the emergence of a political crisis is contingent upon the outcome of class conflict. Here are two examples of contingent outcomes of class conflict that can generate pressure to change a democracy to an authoritarian regime: (1) demands by workers for wages higher than dependent capitalism can provide—demands that may encourage the ruling power bloc to opt for authoritarianism over democracy, to sacrifice legitimation for the sake of saving capitalism; and (2) an attempt by the ruling power bloc to get out of an economic crisis by reducing wages and/or the work force—actions unlikely to please the working class. The ruling power bloc may try to secure capitalism by closing democratic institutions and procedures in the face of the ensuing increase of working class militancy.[21]

Democracy is rare in dependent capitalist countries. Because the expansion of the state has preceded the dominance of industrial capitalism, the industrial bourgeoisie has been created by state economic policies and is, as a result, politically weak. In addition, the industrial working class has been under state corporatist control and manipulation. Thus, in many cases a democratic legal order has been fought for neither by the industrial bourgeoisie nor by the industrial working class. It has been imposed by state elites as an instrument of clientelistic or populistic control of the popular masses.[22] As a consequence, many countries have a restricted democracy, that is, "a regime which has competitive, formally democratic institutions, but in which the power apparatus retains the capacity to intervene to correct an undesirable state of affairs."[23] Under restricted democracy, the popular masses are, in most cases, excluded economically but not politically, because the ruling power bloc does not believe the political inclusion of the masses in formal competitive elections is a serious threat to its domination. In the worst case, the ruling bloc has the power to reverse the outcome of democratic competition.

[21] For a general theoretical discussion of class compromise in a democracy and its breakdown, see Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985), chaps. 4-5.

[22] Nicos Mouzelis, "Regime Instability and the State in Peripheral Capitalism: A General Theory and a Case Study of Greece," Working Papers of the Latin American Program, No. 79 (Washington, DC: Woodrow Wilson Center, 1980).

[23] Adam Przeworski, "Democracy as a Contingent Outcome of Conflicts," in Jon Elster and Rune Slagstad, eds., *Constitutionalism and Democracy* (Cambridge: Cambridge University Press, 1987).

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When the authoritarian power bloc invalidates the outcome of formal democratic competition, however, restricted democracy becomes unstable. The authoritarian power bloc opts for formal democracy over authoritarianism to provide legitimacy to its rule. When the legitimation function of formal democracy is eroded by invalidation of an election, the ruling power bloc has little incentive to maintain democracy even in a restricted form. It eventually opts for more naked and repressive authoritarianism. Thus, stable, restricted democracy requires a compromise that does not exclude the interests of the popular masses completely. In other words, if profits and wages are in a perfect zero-sum game and if the popular masses are activated politically, the probability of the invalidation of the outcome of the electoral competition increases; thus, restricted democracy loses support in the authoritarian power bloc.

To sum up, in a restricted democracy, the power bloc has the political power to impose an authoritarian solution and the popular masses lack the power to reverse it. Whenever the popular sector's demands for greater distribution of income conflict with the necessity of maintaining accumulation in a dependent capitalist economy, the power bloc may impose an authoritarian solution. Even in this situation, however, transition to a naked, repressive authoritarian regime can be avoided if the power bloc reorganizes the economy to accommodate the material interests of the masses within the confinement of dependent capitalist accumulation, or if the power bloc manipulates the popular masses to remain politically passive.

Transition to Bureaucratic Authoritarianism in Korea

In South Korea, the emergence of a BA regime that began in late 1971 was completed with the imposition of a new constitution (the Yushin constitution) in late 1972. The Korean BA regime, named the Yushin regime, had some traits similar to those found in the BA regimes of Brazil, Argentina, and Chile.[24]

First, the popular sector was politically excluded: competitive elections were abolished; strikes were prohibited; the organization of labor unions was severely restricted; and basic human rights were violated arbitrarily. Second, the popular sector was economically excluded. The primary focus of economic policy was on overall economic growth, but not on the improvement in the standard of living of the middle and lower classes.

[24] For the principal traits of BA regimes characterized by O'Donnell, see O'Donnell (fn. 4), 6, and O'Donnell, "Tensions in the Bureaucratic-Authoritarian State and the Question of Democracy," in Collier (fn. 7), 291-94.

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Korean labor was not allowed to share equitably in the distribution of earnings from economic growth. Instead, the big bourgeoisie and the high-ranking state bureaucrats monopolized most of the benefits from economic growth.[25] Finally, the regime tried to "depoliticize" social issues in terms of technological rationality. Efficiency, rationality, and social stability replaced democracy as the basis on which the regime laid claim to legitimacy.[26]

Although the BA regime in South Korea exhibited traits similar to those found in Latin America, it developed differently.[27] First, in South Korea, the BA regime was not justified by an economic crisis. Park justified Yushin on the pretext of preserving the accomplishments of economic development and the continuation of a high rate of economic growth.[28]

Second, at the time of the inauguration of Yushin, the Korean economy was not at the transitional stage from import-substitution industrialization to deepening. Internationalization of the economy began in 1964 when the state launched an export platform project. In 1972, there was no change in economic policy from that of the pre-BA democratic regime. The deepening of the Korean economy began only in the mid-1970s and was the consequence rather than the cause of bureaucratic authoritarianism. The "deepening" hypothesis is thus inappropriate in the Korean case.

Third, pre-BA popular political activation was not serious enough to threaten the ruling power bloc. Popular political activation was higher in 1971 than before. Nevertheless, there were no serious anti-union or anti-leftist fears among the military, the upper and middle classes, and state

[25] Between 1965 and 1976, the share of lower income groups (bottom 40%) declined from 19.34% to 16.85%, but that of upper income groups (top 20%) increased from 41.81% to 45.34%. See Hak Chung Choo, "Gyecheungbyul sodeugbunpoeui chugyewa byundongyoin" [An estimation of size distribution of income and the cause of change], *Hangug Gaebal Yeongu* 1 (March 1979), 34.

[26] Yet the "bureaucratic" character in the term "bureaucratic authoritarianism" can be disputed. In most cases of Korean as well as Latin American BA regimes, "bureaucratic" can be understood as the increase of power of incumbent technocrats without accountability from civil society rather than as the increase of bureaucratic rationality in the Weberian sense.

[27] Sang Jin Han of Seoul National University discussed the specificity in the rise of the Korean BA regime in "Gwanryojeug kwunwijueuiwa hangugsahoe" [Bureaucratic authoritarianism and Korean society], Study Group on Sociology of Seoul National University, eds., *Hangugsahoeeui Juntonggwa Byunhwa* [Tradition and change in Korean society] (Seoul: Bummunsa, 1983), 261-97.

[28] The Korean economy showed a slight downturn from the peak rate of economic growth in 1969 (13.8% GNP growth). GNP growth in 1970, 1971, and 1972 was 7.6%, 9.4%, and 5.8%, respectively. See Republic of Korea, Economic Planning Board, *Social Indicators in Korea*, 1981, p. 55. Nevertheless, the slackening of growth should not be interpreted as a crisis in the economy but rather as the stabilization of economic growth. The growth rate in this "recession period" was relatively high compared to the rates of both the advanced industrialized countries and the developing countries.

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bureaucrats. Labor and other popular protests increased, but labor and the popular sector did not have the strength to pose any serious threat to the ruling power bloc.

Fourth, a strong state apparatus had already been established long before the authoritarian regime emerged. Thus, the thesis that bureaucratic authoritarianism is needed to establish a strong state is not supported by the Korean case.[29]

Finally, no BA coup coalition existed on the eve of bureaucratic authoritarianism that was comparable to the Latin American cases. Neither the politically weak national bourgeoisie nor the politically indifferent international bourgeoisie pressed for a regime change. No evidence has been found to hold them responsible for launching a BA regime in South Korea.

Why, then, has a BA regime emerged in South Korea under circumstances so different from those presupposed by O'Donnell? In South Korea the restricted form of democracy had been maintained in the 1960s despite the state's pro-business economic policies because rapid industrialization resulted in improving, to some extent, the material conditions of the masses. By the end of the 1960s, changes in the class structure made class compromise difficult because the unlimited supply of labor had ended. As a consequence, the distributional conflict intensified and the organization of the economy (the developmental strategy) became the object of class conflict. The authoritarian power bloc rejected alternative developmental strategies that would accommodate the interests of the popular masses, and maintained the existing developmental strategy (the export platform). Fearing the uncertainty of the outcome of democratic competition, it closed the already limited democratic institutions and procedures. The power bloc launched bureaucratic authoritarianism preemptively to exclude the popular masses from participating in the distributional struggle.

This explanation can be substantiated by (1) describing the organization of the economy in the pre-BA period; (2) tracing the changes in the configuration of classes; and (3) relating these changes to the distributional conflict. The result was a regime change.

The Organization of the Economy (1961-1972)

In South Korea, a high rate of economic growth began when the military junta (1961-1963) tried to replace democracy with economic development as the main legitimation of its rule. For the first time in Korean

[29] Jyotirindra Das Gupta, "A Season of Caesars: Emergency Regimes and Development Politics in Asia," *Asian Survey* 28 (April 1978), 347.

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history, a series of five-year economic development plans was launched. The first five-year plan (1962-1966) initially put the emphasis on rural development, heavy capital-goods industry, and import-substitution industries. Exports were merely a means of raising foreign currency to pay for imports. In the first two years (1962-1963) of the first five-year plan, the results in the priority areas fell far short of the planned targets, but exports increased far above expectations (34 percent in 1962, 58 percent in 1963). The military-turned-civilian Park regime revised the plan by the end of 1963 and changed the development policy from one based on ISI and heavy capital goods to one based on labor-intensive, export-oriented industrialization[30] (that is, the export platform).[31]

Since 1964, the developmental strategy based on the export platform has achieved spectacular success. Between 1961 and 1972, total exports expanded more than 40 times, manufactured exports expanded 170 times, and the rate of export growth averaged more than 60 percent per annum.[32]

What made the export platform succeed in South Korea? First, this success is based on the change in the world capitalist system of production from the "classical international division of labor" (agricultural and mineral export from colonial economies and manufactured export from advanced capitalist economies) to what Frobel and others call the "new international division of labor" (that is, the feasibility of world market-oriented manufacturing in peripheral countries).[33] The causes of this change are (1) a seemingly inexhaustible reservoir of labor in the periphery, which is cheap but has high levels of labor productivity, and which has attracted international capital as a response to rising wages and growing industrial conflicts in the developed countries; (2) the development of a production process that has made it possible to carry out fragmented operations with easily learned skills; (3) the development of a transportation and communication technology that has created the possibility of producing goods at any site in the world.

When the developmental strategy based on ISI, heavy capital goods, and rural development faced difficulties because of few natural resources,

[30] Paul W. Kuznets, *Economic Growth and Structure in the Republic of Korea* (New Haven: Yale University Press, 1977), 203-05.

[31] Duncan Snidal defines the export platform as "a development strategy whereby the production of labor-intensive manufactures for the world market provides the central dynamic for overall economic growth in a country." See Snidal, "Spring-Board or Plank?: The 'Korean' Model for Export Platform Development," unpub. (University of Chicago, 1982), 7.

[32] Charles R. Frank, Jr., et al., *Foreign Trade Regimes and Economic Development: South Korea* (New York: Columbia University Press, 1975), 77-78.

[33] Folker Frobel et al., *The New International Division of Labor* (London: Cambridge University Press, 1980).

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a small domestic market, low capital endowments, and unsophisticated technology, the export platform based on the new international division of labor was an optimal strategic choice for South Korea.

Second, South Korea's very special situation in the international political system contributed to the success of the strategy. The post-World War II Korean state was, in fact, created by the United States as a critical anti-communist buffer state for the protection of U.S. security and strategic interests in Northeast Asia. Until the 1970s, the main U.S. concern in South Korea was political and strategic, not economic. Thus, the neocolonial dependent relationship has been much less salient for South Korea than for other underdeveloped countries. As a matter of fact, what is peculiar in its dependent relationship with the United States is that South Korea has been, in some sense, the beneficiary rather than the exploited. To safeguard Korean security after the Korean War, the United States provided massive economic grant aid during the 1950s and public loans in the 1960s—support that was crucial in rebuilding the economic infrastructure. To strengthen the export platform, the U.S. gave favorable quotas to South Korean exports[34] and supplied food as aid. (U.S. Public Law 480 disposed of surplus farm products as food aid.) Because the PL 480 food imports contributed to keeping food prices low,[35] urban industrial wage costs could also be kept low. Thus, South Korea retained a competitive advantage over other underdeveloped countries for labor-intensive exports. In addition, the United States played a significant role in normalizing diplomatic relations with Japan despite widespread popular opposition.[36] This normalization gave South Korea the opportunity to expand her export market and led to a massive inflow of Japanese loans and direct investment. Thus, because of its strategic and political importance, South Korea has been given special treatment by advanced capitalist countries.[37]

Finally, the most important factor in this success story is the role of the state. Starting in 1964, the year the Park regime changed its development strategy to the export platform, the state took decisive actions to make the economy suitable for export-oriented industrialization. The Korean currency was devalued in June 1964 to increase incentives for exports and to

[34] Snidal (fn. 31), 14.

[35] Eddy Lee, "Egalitarian Peasant Farming and Rural Development: The Case of South Korea," in Dharam Ghai et al., eds., *Agrarian Systems and Rural Development* (New York: Holmes & Meier, 1979), 62.

[36] Kwan Bong Kim, *The Korea-Japan Treaty Crisis and the Instability of the Korean Political System* (New York: Praeger, 1971), 78-80.

[37] Hyun Chin Lim, "Dependent Development in the World System: The Case of South Korea, 1963-1979," Ph.D. diss. (Harvard University, 1982), chap. 4.

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restrain demand for imports. A new foreign capital investment law was enacted in 1966 to encourage foreign direct investment. Interest-rate reform in 1965 substantially raised interest rates on both deposits and loans in domestic banks, and thus created a large interest differential between domestic loans and foreign loans designed to encourage the latter.[38]

Besides these institutional reforms, the state forced the local bourgeoisie to participate in the export platform through both incentives and penalities. Incentives for exporters included bank loans on preferential terms, relief from taxes and custom duties on imported materials used to manufacture goods for export, and discounts on transportation and electricity costs.[39] State penalties for capitalists who did not follow export-promotion policies included unfavorable tax rates, the restriction of import licences, and the rejection of commercial as well as public bank loans, both of which were under strict state control. Foreign loans and foreign currency exchange, which also required governmental guarantees, were provided only to those who followed state economic policies.[40]

Furthermore, the state itself became involved in capital accumulation. Between 1963 and 1972, public enterprise output grew 3.4 times and its share of total investment remained around 30 percent. However, public enterprise concentrated on the infrastructure (transportation, electricity, finance, and so forth) and on the capital goods industry, while not becoming directly involved in manufacturing for export.[41] Thus, the state's role was limited to facilitating the growth of the local bourgeoisie (what Evans calls "inventing the bourgeoisie"). In fact, the state capitalist sector was used as an instrument of support for a weak local bourgeoisie and as a complement to the role of international capital.

Due to the success of the export platform, the South Korean economy grew 9.6 percent per annum and created 2.9 million new jobs between 1963 and 1972.[42] The economic structure changed radically. While agriculture's share of total domestic production dropped from 45.2 percent to 29.5 percent, the industrial manufacturing sector's share increased from 17.1 percent to 35.2 percent between 1960-1962 and 1970-1972.[43] The export platform led the GNP growth. Between 1963 and 1973, the export

[38] Frank et al. (fn. 32), chap. 4.

[39] Susumu Watanabe, "Export and Employment: The Case of the Republic of Korea," *International Labor Review* 106 (December 1972), 521-22.

[40] Leroy P. Jones and Il Sakong discuss both "field manipulation" and "command" types of state intervention to implement export platform policies in Jones and Sakong, *Government, Business, and Entrepreneurship in Economic Development: The Korean Case* (Cambridge, MA: Harvard University Press, 1980), chap. 4.

[41] *Ibid.*, chap. 5

[42] Frank et al (fn. 32), 1, 11; Kuznetz (fn. 30), 117.

[43] *Ibid.*, 51.

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sector provided 39.9 percent of the total GNP growth compared to 4.5 percent between 1955 and 1963.[44]

Changes in the Configuration of Classes

International Capital

The Korean export platform relied on the massive influx of foreign capital and technology either in the form of public and private loans or as direct foreign investment. Public loans to South Korea were significant compared to other dependent countries because of the country's strategic importance to the United States. These loans have been invested largely in building the infrastructure. Nevertheless, the Korean export platform was mostly driven by commercial loans from private banks and credits from transnational corporations for international subcontracting and bonded processing.

As is shown in Table 1, commercial loans predominated over direct foreign investment. The important fact is that foreign capital in South Korea was primarily invested in labor-intensive industries rather than in raw materials or capital-intensive industries. Thus, it could always threaten disinvestment and a shift of investments to other underdeveloped countries that guarantee better incentives for profit. In fact, the credibility of this threat has been greatly reinforced because the Korean export platform's only drawing card is an abundant labor force.[45] Furthermore, the independence of foreign capital has been strengthened by the very short-term nature of the supplier credits that account for most of the lending and by the ability to shift subcontractors (both within and outside South Korea) if threatened. As a consequence, although the Korean export plat-

Table 1
Foreign Capital Inflow
(Millions of Dollars)

	1965	*1966*	*1967*	*1968*	*1969*	*1970*
Public Loans	5.0	75.8	105.6	70.2	138.9	115.3
Commercial Loans	36.1	109.0	124.0	268.4	408.9	378.6
Direct Investment	1.8	3.2	7.7	19.2	12.7	65.2
Total	42.9	188.0	237.3	357.8	560.5	559.1

Source: Republic of Korea, Economic Planning Board, *Economic Survey*, 1967 and 1971.

[44] Chul Hwan Chun, "Suchul-oejajudogaebaleui baljunronjug pyungga" [Developmentalist evaluation of export- and foreign capital-led development], in Yun Hwan Kim et al., *Hanguggyungjeeui Jungaegwajung* [Development of the Korean economy] (Seoul: Dolbegae), 188.

[45] Snidal (fn. 31), 11.

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form model created a high dependence on international capital, foreign capital has not taken direct part in class conflict and class compromise in South Korea.

LOCAL BOURGEOISIE

Remarkably, the local bourgeoisie has carried out most of the industrial development projects. Its political and economic dependence on the state, however, have placed it in the position of junior partner within the ruling power bloc.

Because of Japanese colonialism, the industrial bourgeoisie did not exist before independence in 1945. In the 1950s, the big industrial bourgeoisie (in Korean, *jaebul*) was formed through acquisition of former Japanese properties at bargain prices and privileged access to foreign (mostly U.S.) aid, bank loans, and public contracts. Favorable treatment from the state was possible only through political connections with the state elites. By means of these connections, members of the big bourgeoisie gained economic favors in exchange for political contributions. These clientelistic relations between the state elites and the big bourgeoisie created, however, a politically weak and dependent bourgeoisie.[46]

When the military junta took power in 1961, it enacted, in an apparent effort to ensure the legitimacy of the military coup, the Special Law for Dealing with Illicit Wealth Accumulation to confiscate the illegally amassed fortunes of the big bourgeoisie. As the major development plan was initiated, however, the junta found that compromise was necessary because the big bourgeoisie controlled organization, personnel, facilities, and capital. This compromise between the state elites and the big bourgeoisie defined the character of the mutual collaborative relationship that has been the dominant pattern throughout the 1960s and 1970s. The new state elites granted amnesty to the big bourgeoisie for illegal activity in exchange for their collaboration with the government's long-range development plan for the conversion of the economy from ISI to the export platform. Consequently, the big bourgeoisie not only did not pay fines for their past wrongdoing, but actually received special favors from the state.[47]

The compromise kept the national industrial bourgeoisie politically weak and dependent on the state power elite, in a position similar to that described by Evans in *Dependent Development*:

[46] Kyung Dong Kim, *Man and Society in Korea's Economic Growth* (Seoul: Seoul National University Press, 1979), 67-70.

[47] Wan Hyug Bu, "Jaebulgwa ogaenyungyehoeg" [Jaebul and the five-year economic plan], *Sa Sang Gye* 14 (August 1966), 46-57.

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> As a class that never achieved a hegemonic political position and never really had a "project," it is easy to relegate the dependent national bourgeoisie to . . . a class which was forced to admit that "in order to preserve its social power intact, its political power must be broken." . . . Since the political power of local capital cannot flow from its dominant role in the process of accumulation, it must depend on the nature of its ties to the "technobureaucracy."[48]

The pattern of foreign capital flow in South Korea reinforced the dependent nature of the local bourgeoisie. The predominance of foreign loans over foreign direct investment increased the power of the state vis-à-vis the local bourgeoise because the state was not forced to rely on private domestic elites as a sole source of resources.[49] Furthermore, because of the high debt-equity ratio in manufacturing firms,[50] the exclusive control of domestic bank credits provided the state with a powerful instrument to subordinate the local bourgeoisie.

PEASANTS

As a consequence of land reform during the late 1940s and early 1950s, land was parceled out into relatively small holdings. The landlord class collapsed as a result and was replaced by a myriad of smallholders. In the 1950s, farmers' interests in increasing grain prices had been sacrificed to price stabilization. Low grain prices brought down farmers' incomes. In addition, the previously mentioned PL 480 food imports contributed to the stagnation of the agricultural sector.

During the 1960s, the policy of keeping food prices low had been instrumental not only in controlling inflation but also, more importantly, in building up reserve labor pools that provided an "unlimited supply" of cheap labor for the export platform. Low grain prices and low capital investment in the agricultural sector devastated the lowest stratum of the agricultural classes.[51] From 1960 to 1972, the share of this stratum of farm households (those with less than 0.5 *jeongbo* of landholdings) declined

[48] Peter Evans, *Dependent Development* (Princeton: Princeton University Press, 1979), 41-42.

[49] Peter Evans, "Transnational Linkages and the Economic Role of the State," in Peter Evans, Dietrich Rueschemeyer, and Theda Scocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), 205-06.

[50] The debt/equity ratio in manufacturing industry rose from 1.2 in 1966 to 3.9 in 1971. Between 1963 and 1974, two-thirds of the total cash flow came from borrowing (53% from domestic banks, 29% from foreign sources, and 19% from private curb markets). See Jones and Sakong (fn. 40), 101-02.

[51] Jang Jip Choi, "Interest Conflict and Political Control in South Korea: A Study of the Labor Unions in Manufacturing Industries, 1961-1980," Ph.D. diss. (University of Chicago, 1983), 74-79.

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from 42.9 percent to 32.7 percent of total farm households.[52] The disintegration of the lowest agricultural class resulted in the rapid increase in off-farm migration to the industrial cities. From 1960 to 1970, the volume of net off-farm migration amounted to 3.9 million people.[53]

As a consequence of the migration, the average landholdings and incomes have risen modestly since the late 1960s,[54] and this in turn has contributed to social peace in rural areas.

WORKING CLASS AND SOCIAL MARGINALS

Throughout the 1960s and 1970s, the export platform and agricultural policy pulled and pushed massive numbers of rural outmigrants into industrial urban areas. Most of the rural outmigrants, however, have not been absorbed into the industrial manufacturing sector as wage earners but have, instead, formed a social marginal sector.[55]

The existence of hugh reserve pools in the labor force in the form of social marginals has obstructed the organization of an industrial wage-earning class. Within the industrial work force, the fact that the high proportion of semiskilled and unskilled workers (mostly women) could be replaced by social marginals at any time contributed to the weakness of working class organization.

In the 1960s, South Korea had highly advanced and humane labor laws. Freedom of association, collective bargaining, and collective action were legally guaranteed. This legal system was maintained until the late 1960s when the state elites decided it was unsuitable for the export platform under the new circumstances.

Although labor unions enjoyed great associational autonomy and little state intervention, they were not a significant political force until the late 1960s. They were initially small in number, poorly organized, and threatened by a large labor reserve.

THE STATE AND CLASSES

Industrialization has substantially altered the configuration of class structure, with the most notable changes being the proletarianization of the labor force and the decline of the agricultural class. Between 1960 and

[52] Economic Planning Board, *Korea Statistical Yearbook* 12 (1965) and 22 (1975).

[53] John E. Sloboda, "Off-Farm Migration," in Sung Hwan Ban et al., *Rural Development* (Cambridge, MA: Harvard University Press, 1980), 326.

[54] Eddy Lee (fn. 35), 31-32.

[55] Nevertheless, rural outmigrants who settled as social marginals improved their incomes. In 1968, for example, per capita income of farmers was 63.4% of that of urban social marginals. See Hyun Chae Park, *Hangugnongubeui Gusang* [A plan for Korean agriculture] (Seoul: Han Gil Sa, 1981), 82.

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1970, the proportion of blue-collar workers increased from 8.7 percent to 19.2 percent, whereas that of farmers declined from 66.2 percent to 51.2 percent. The middle class and social marginals, however, changed very little (the middle class from 14.2 percent to 15.8 percent, social marginals from 10.2 percent to 12.8 percent).[56]

Industrialization has not, however, strengthened class politics. Because of its highly mobile character, international capital in South Korea has not been directly involved in class politics. Although major development projects have been managed by the industrial bourgeoisie, the bourgeoisie has remained politically dependent. It has benefited from state protection and patronage, but it has not had the political power that characterizes organized capital in advanced industrial countries. In addition, although industrialization has increased the number of industrial wage earners, this change has not been reflected in class politics because workers have not been organized as a class. Thus, the state has retained its dominant position.

The important historical fact about the Korean state is that it had been overdeveloped even before the industrialization drive began.[57] The postwar Korean state was built by the United States as an "anticommunist bulwark," with the coercive state apparatus overdeveloped relative to the civil society. The "overdeveloped state" was further strengthened by the impact of the Korean War.[58] After the war, the state was not only physically strong in terms of armed forces and police, but also economically dominant because it managed and controlled most of the postwar reconstruction projects that were financed by foreign grant aid (providing 80 percent of the total fixed capital formation between 1953 and 1962).[59]

When the state launched the project of industrialization based on the export platform, it already had strong coercive and administrative organizations to mobilize and allocate manpower and resources. Although the state capitalist sector has been relatively small compared to other developmental economies, the state could and did regulate and control the pri-

[56] Lim (fn. 37), 180.

[57] The concept of the "overdeveloped" state was initially formulated by Hamza Alavi. According to Alavi, the postcolonial state inherited an overdeveloped state apparatus (both bureaucratic-military and economic) in relation to civil society, and therefore was capable of subordinating indigenous classes. See Alavi, "The State in Post-Colonial Societies: Pakistan and Bangladesh," *New Left Review* 74 (July-August 1972), 59-81. Here I use the term "overdeveloped" in a modified sense. In South Korea, an overdeveloped state apparatus was not inherited from the Japanese colonial state, but was built to carry out American security interests in the cold-war era.

[58] Choi (fn. 51), 311-14.

[59] Edward S. Mason et al., *The Economic and Social Modernization of the Republic of Korea* (Cambridge, MA: Harvard University Press, 1980), 185.

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vate sector both internationally and locally. The state has been the regulating center of class politics throughout the postwar period.

The Restricted Democracy (1963-1971)

Although the combination of weak, class-based politics and a strong state inhibited the emergence of a broad-based political democracy, the strong state did not necessarily need to become authoritarian. Until 1972, except for a short interlude of direct military rule from 1961 to 1963, South Korea had retained formally democratic institutions. Despite the Korean War and the existence of huge armed forces, democratic institutions persisted because there was a material base. The land reform of 1947 to 1950 had removed the landlord class from the political scene and had created a class of predominantly egalitarian small landholders. Partly as a result of the Japanese colonial policy of restricting the rise of the indigenous local bourgeoisie and partly as a result of the destruction of industry during the Korean War, the caste-like privileged bourgeoisie was very small. These rural and urban levelings provided the material base for democratic institutions.[60]

Nevertheless, under Rhee, real democratic institutions failed to take root, with Rhee creating a "politicized state"[61] in which democratic legal norms and institutions lacked a permanent framework and became the object of conflict among political actors. The Rhee regime collapsed because it politicized these democratic institutions, especially the electoral rules, in its favor.

The lesson from the downfall of the Rhee regime significantly influenced the decision of the military junta to restore formal democratic institutions after two years of military rule. Because the military coup of 1961 was not caused by a serious economic crisis but was triggered by the problem of promotion bottlenecks within the military,[62] the junta lacked a sufficient social base of support for military rule and enough power to break the national consensus on democracy. The junta therefore sought an institutional framework for governing within a restricted democracy that guaranteed the core interests of the military power holders.

[60] David C. Cole and Princeton N. Lymann, *Korean Development: The Interplay of Politics and Economics* (Cambridge, MA: Harvard University Press, 1971), 57-58.

[61] For the concept of the "politicized state," see Douglas A. Chalmers, "The Politicized State in Latin America," in Malloy (fn. 3), 23-45.

[62] For the discussion of the 1961 coup from the standpoint of internal organizational problems within the military, see Jae Souk Sohn, "Political Dominance and Political Failure: The Role of the Military in the Republic of Korea," in Henry Bienen, ed., *The Military Intervenes* (Hartford, CT: Russel Sage Foundation, 1968), 103-10, and Soo Uk Lee, "Dependent Devel-

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Restricted democracy resolved the junta's dilemma in two ways: they secured some legitimacy within civil society and, at the same time, the military-turned-civilians were confident of retaining power through partly competitive elections. Indeed, in a politicized state like South Korea, any incumbent with the support of the military and the bureaucracy had a lopsided electoral advantage over any civilian opponent.

But restricted democracy is always unstable because the authoritarian power bloc may cancel an election rather than allow adverse regime change. It can be maintained, therefore, only if the ruling power bloc has potential political support from broad segments of the population. A material base for such support must be built.

The success of the export platform provided, to some extent, the material base. The export platform created jobs faster than the population grew. In the countryside, the migration of the lowest stratum of agricultural classes allowed the medium and large landholders to modestly increase their land holdings and income. In urban areas, the upturn of the economy furnished better-paying industrial jobs to social marginals without a general rise in workers' wages, thus sustaining the competitive wage advantage essential to the success of the Korean export platform. Although the government's economic policy prevented wage workers from sharing equitably in the benefits of economic growth, the long-impoverished masses were content simply to be employed, regardless of the poor working conditions and the extremely low subsistence wages.

Thus, despite mistrust and cynicism, "developmentalism" under the slogan of "economic growth first, distribution later" gained the tacit approval of the popular masses. The new consensus showed its strength in the election of 1967. Whereas in 1963 Park barely beat the opposition candidate by 160,000 votes (46.7 percent vs. 45.1 percent), in the 1967 election Park won by more than 1 million votes (51.4 percent vs. 41 percent). Park broadened his support by drawing votes from the traditional antipower bloc, the urban popular sector.

Crisis in the Restricted Democracy

organic crisis

In the late 1960s, the economy continued to grow rapidly. Exports increased most notably in the labor-intensive manufacturing sector, which absorbed a large number of the unemployed and semi-employed surplus

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opment and the Rise of Authoritarian Regime in South Korea," unpub. (University of Chicago, 1982), 40-50.

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laborers. In fact, Korean export-platform industrialization has conformed to the labor-surplus model of development formulated by John C. H. Fei and Gustav Ranis.[63] According to Fei and Ranis, the labor-surplus model can be applied in a dualist economy divided into a subsistence sector (the agricultural sector) and a capitalist sector (the industrial sector).

In the agricultural sector, because of a surplus of labor, the workers receive an institutionally determined subsistence wage that is greater than their marginal product. Wages and employment in the industrial sector, however, are determined by the point of equality between the value of the marginal product and the supply curve of labor. Thus, under labor surplus conditions, as long as the wage in the industrial sector is higher than the institutionally determined agricultural wage, the supply curve of labor to the industrial sector remains horizontal, because any increase in the industrial labor force can be met without wage increases.

As Table 2 shows, during the phase of unlimited supply of labor (up to 1965), agricultural wages did not increase despite a substantial increase in agricultural labor productivity. Industrial wage increases also lagged be-

TABLE 2

INDEXES OF REAL WAGES AND LABOR PRODUCTIVITIES
(1965 = 100)

	Agricultural Sector		*Manufacturing Sector*	
	Real Wage[a]	*Productivity*[b]	*Real Wage*[c]	*Productivity*[d]
1962		84.4	107.1	73.4
1963	109.2	90.1 (6.8%)	101.6 (−5.1%)	78.2 (6.5%)
1964	100.7 (−7.8%)	93.6 (3.9%)	95.7 (−5.8%)	85.1 (8.8%)
1965	100.0 (−0.6%)	100.0 (6.8%)	100.0 (4.5%)	100.0 (17.5%)
1966	103.9 (3.9%)	101.7 (1.7%)	105.9 (5.9%)	104.0 (4.0%)
1967	110.5 (6.3%)	106.8 (5.0%)	116.9 (11.2%)	122.4 (17.7%)
1968	119.0 (7.7%)	114.3 (7.0%)	133.7 (14.4%)	146.8 (19.9%)
1969	133.4 (12.1%)	124.0 (8.5%)	159.5 (19.3%)	185.5 (26.4%)
1970	146.4 (9.8%)	131.1 (5.7%)	172.2 (8.0%)	209.2 (12.8%)
1971	156.9 (7.1%)	133.9 (2.1%)	186.1 (8.1%)	229.7 (9.8%)
1972	161.5 (2.9%)	137.9 (3.0%)	193.0 (3.7%)	250.4 (9.0%)
1973	167.3 (3.6%)	155.3 (12.6%)	207.8 (7.7%)	271.8 (10.4%)

Sources: [a]Republic of Korea, Ministry of Agriculture and Fisheries, *Farm Household Income Survey*, 1970 and 1976;
[b]Sung Hwan Ban et al. (fn. 53), 422;
[c]*Korea Statistical Yearbook* (fn. 52), selected issues;
[d]Korea Productivity Center, *Labor Productivity Index*, selected issues.

[63] John C. H. Fei and Gustav Ranis, *Development of Labor Surplus Economy: Theory and Policy* (Homewood, IL: Richard D. Irwin, 1964).

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hind productivity gains.[64] This significantly contributed to South Korea's comparative advantage in labor-intensive exports.

In the late 1960s (according to Fei and Ranis, 1966 to 1967), however, with the absorption of the surplus agricultural labor by the growing industrial sector, marginal productivity of agricultural labor rose to a level equal to the institutional agricultural wage. From this point on, agricultural wages, too, have been determined by the marginal productivity of labor. The labor surplus ended, with the supply curve of labor to the industrial sector ceasing to be horizontal and sloping positively. The increase in the industrial labor force required increased wages. Fei and Ranis call the turning point "the commercialization point." Once the commercialization point is reached, income distribution shifts in favor of labor and leads to a more sustained expansion of the domestic market for consumer goods.[65]

Increasing wage rates, however, would have interfered with the rapid growth of labor-intensive exports. Thus, in collaboration with the bourgeoisie, the state intervened in industrial relations in order to contain rising wages within limits that would not threaten the comparative advantage of low labor costs in the international export market. Wage rates were again determined institutionally (for example, by the government's wage guide line), not by market rates. The forced containment of wage pressure during this period of rapid growth aroused a distributional conflict between capital and labor and, broadly speaking, between the power bloc (the state apparatus, the local bourgeoisie, and international capital) and the popular masses (the working class, marginals, farmers, and progressive intellectuals).

In the late 1960s, previously dormant labor organizations gained momentum as the rapidly growing labor force recognized its conflict with capital. Formally progressive labor laws provided a useful institutional instrument for enhancing workers' rights and interests.[66] In response to growing demands, the state strengthened trade union regulations and increasingly regimented the working class. Unions were coerced into submitting to the state's economic policy by the use of force and leadership co-optation. In addition, the state tried to revise the legal framework for industrial relations—enacting, in December 1969, the Provisional Exceptional Law Concerning Labor Unions and the Settlement of Labor Dis-

[64] John C. H. Fei and Gustav Ranis, "A Model of Growth and Employment in the Open Dualistic Economy: The Case of Korea and Taiwan," *Journal of Development Studies* 11 (January 1975), 46.

[65] *Ibid.*, 49-51.

[66] Choi (fn. 51), 141.

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putes in Foreign Invested Firms, which prohibited union organization and industrial disputes in such firms without state permission.

Because of the tight regulation of organized labor, industrial disputes did not increase significantly. Yet, large-scale industrial disputes did occur in foreign as well as domestic firms. Blocked officially by the state, labor protests began to appear sporadically outside the union structure. The self-immolation of Tae Il Chun, a garment worker, in protest against low wages, unbearable working conditions, and the government's repressive labor policy was the watershed event that united broad anti-regime popular forces around labor issues. The student movement became involved in labor disputes and in the sociopolitical and economic contradictions of the export platform. In the years from 1968 to 1972, churches increasingly focused attention on social justice and on resolving labor and industrial problems. For example, church organizations such as the Urban Industrial Mission and the Roman Catholic Association of Young Catholic Workers instituted programs to organize and to raise the consciousness of factory workers. The opposition party (NDP) and liberal progressive intellectuals brought labor issues to the political battleground.

INSTITUTIONAL CRISIS OF 1971

A crisis arose as the unlimited supply of labor ended and the suppression of labor required to maintain the export platform came into conflict with the political framework of restricted democracy. Restricted democracy could not be an effective framework of domination when the ruling power bloc relied exclusively on coercion, because under restricted democracy the popular masses had the potential means of changing rulers through elections.

The two elections of 1971 (presidential and national assembly) illustrated this threat clearly. The opposition-party candidate, Dae Jung Kim, included popular democratic demands in the New Democratic Party's platform. His campaign theme was the realization of the populist era based on a populist economy. According to Kim, popular democracy would be in opposition to the developmental dictatorship of the Park regime, and a populist economy would be based on popular welfare, fair distribution of the fruits of economic growth, an employee share-owning system, agrarian revolution, and new taxes on the rich. Kim represented the popular democratic demands for the first time in postwar Korean politics. Although he was defeated by the incumbent Park, who openly and massively interfered in the election using police and administrative forces, the massive support for Kim showed that popular democratic

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forces had the potential to defeat the ruling power bloc even under restricted democratic institutions.

The national assembly election, one month later, resulted in another defeat for the ruling power bloc. The opposition party won a sweeping victory in major urban industrial areas (33 seats vs. 7 seats) and 46 vs. 19 in all urban areas. The ruling party maintained a majority by winning overrepresented rural areas (67 vs. 19) and 86 vs. 65 in all.[67]

Encouraged by the strong showing in these two elections, the popular democratic forces increased their demands. College students protested against the compulsory military training of students on campus and later against Japanese neo-imperialism. The press, the judiciary, and university professors demanded organizational autonomy from state intervention. In August 1971 about 30,000 social marginals on the outskirts of Seoul rioted against the government's forced relocation policy and demanded tax exemption and employment opportunities.[68] The labor movement became radicalized outside official union channels.

The institutional crisis and the ensuing popular activation[69] forced the ruling power bloc to consider a regime change. The political crisis was deeply rooted in conflicts over the organization of the system of production, and the political decision was closely related to the choice of alternative developmental strategies. In the early 1970s, Park had two options. One was to continue the labor-intensive export platform—a strategy that could not be sustained within the framework of even a restricted democracy because the necessary severe wage repression might intensify popular opposition. The other was to expand public investment in the agricultural sector and to create a domestic mass market by increasing the supply of wage goods and the income of the popular masses while maintaining an open development strategy.[70] This strategy would have created politically favorable conditions for the popular coalition and would also have broadened the regime's support. Park, however, chose the first option and, with the Emergency Decree on National Security at the end of 1971, began to install a bureaucratic authoritarian regime. The establishment of bureaucratic authoritarianism was completed at the end of 1972 with a change in the constitutional framework (Yushin Constitution).

[67] Young Ho Lee, "5.25 Sungueui jungchijug euieui" [The political meaning of the May 25 election], *Gughoebo* 114 (June 1971), 10-11.

[68] Chang Soo Kim, "Marginalization, Development, and the Korean Worker's Movement," *AMPO: Japan-Asia Quarterly Review* 9 (July-November 1977), 31-32.

[69] Although popular activation increased, the strength of the popular sector and the perception of the popular threat to the ruling power bloc were in every sense moderate to low.

[70] This kind of alternative strategy was, indeed, presented by the opposition party candi-

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Conclusion

I have discussed the ways in which the organic crisis aroused the distributional conflict among classes and in which the ensuing institutional crisis led to the rise of a bureaucratic authoritarian regime in South Korea. But bureaucratic authoritarianism was not necessarily the only solution to the problems in the late stage—the end of unlimited surplus labor—of the labor-intensive export platform. The organic crisis did not predetermine the regime change. The regime was changed to authoritarianism because the ruling power bloc and the popular masses failed to reach a compromise solution with respect to developmental strategy and the organization of the economy. Developmental strategy was, indeed, the object of a conflict that could have been resolved through compromise among the classes.

What possible compromise solutions would have been compatible with the framework of restricted democracy?

First, South Korea could have avoided a BA transition by adopting a developmental strategy that would have realized some of the material interests of the popular masses. In the export platform, workers and farmers are not viewed as the primary consumer market for the economy, and there is thus no need to increase their purchasing power as a stimulus to the economy's growth. An alternative strategy to authoritarianism would have been to reduce dependence on the external market and to enlarge the internal market by increasing the income of the popular masses.

Another alternative would have been the reorganization of the export platform itself. Suppose that structural constraints had been so great as to make extremely difficult the transformation of the externally oriented economy to a domestic market-based economy. It still would have been feasible to reorganize the export platform based on cheap and disposable labor-intensive products into one that was based on both labor-intensive and high-technology-intensive products. This reorganization might have produced the increase in wages that, in turn, would have induced domestic consumption and thus facilitated the transfer of labor-intensive export products to the domestic market. In the early 1970s there were enough educated and skilled members of the labor force to make this reorganization feasible.

The historical fact is, however, that the ruling power bloc opted for authoritarianism rather than democracy. Why? One plausible answer is that, although in the early 1970s the popular sector was politically active

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date, Dae Jung Kim, in the 1971 election. For Kim's strategy, see Dae Jung Kim, *Kim Dae Jung tseeui Daejung Gyungje* [Mr. Dae Jung Kim's Mass Economy] (Seoul: Bumwoosa, 1971).

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and displayed its strength in the institutional crisis of 1971, the balance of power still overwhelmingly favored the ruling power bloc. The evidence for this is that the transition to authoritarianism was made, not through a violent coup, but through institutional reform. The power bloc believed it had enough intelligence and coercive power to suppress the demands of the masses.[71] This observation leads us back to the nature of the state in the pre-authoritarian stage. The overdeveloped state in South Korea—overdeveloped in repressive state apparatus—provided a clear advantage and great freedom of choice to the power bloc in charge. It was not that bureaucratic authoritarianism emerged to establish a strong state, but that a preexisting strong state contributed to the emergence of bureaucratic authoritarianism.

[71] Alfred Stepan formulated a hypothesis that the more substantial the state's coercive resources are, the greater the chances that an "exclusionary" regime will be installed. See Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton: Princeton University Press, 1978), 88-89.

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Review Articles

SOUTH AFRICA: Violence, Myths, and Democratic Reform

By DAVID D. LAITIN*

Heribert Adam and Kogila Moodley, *South Africa without Apartheid: Dismantling Racial Domination*. Berkeley, CA, University of California Press, 1986, 315 pp.

Arend Lijphart, *Power-Sharing in South Africa*. Berkeley, CA, Institute of International Studies, 1985, 178 pp.

> Experience shows that *framing of a future, in some indeterminate time*, may, when it is done in a certain way, be very effective, and have few inconveniences; this happens when the anticipations of the future take the form of those myths . . . which give an aspect of complete reality to the hopes of immediate action by which more easily than by any other method, men can reform their desires, passions, and mental activity. . . . The myth must be judged as a means of acting on the present; any attempt to discuss how far it can be taken literally as future history is devoid of sense. It is *the myth in its entirety which is alone important*.
>
> —*Georges Sorel*[1]

OBSERVATION of South Africa from 1984 to 1986 begs for a rereading of Georges Sorel's classic, which he saw as a study of "the functions of violence in actual social conditions." Contemplating the present racial violence in South Africa, however, I—like Sorel's "middle-class philosophers [who see] violence [as] a relic of barbarism which is bound to disappear under the influence of the progress of enlightenment"[2]—dream that there is some road to real democracy in South Africa that is not built on the rubble of racial holocaust. The two books under review feed such hope, and deserve immediate critical attention because the specter of continued violence in South Africa is so ominous, especially in our

* I am indebted to Thomas Callaghy, Michael Clough, William Foltz, and Tracy Strong for commenting on an earlier version of this review article; also to Aristide Zolberg, who urged me not to publish it, but whose comments forced me to rethink key arguments. My greatest debt is to Arend Lijphart and Heribert Adam—both of whom read the earlier version and helped me make my points against them sharper and more consistent with the available data.

[1] Sorel, *Reflections on Violence* (1906), trans. by Thomas E. Hulme and Jack Roth (New York: Collier Books, 1961), 124-26; emphases in original.

[2] *Ibid.*, 57, 80.

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age when state-induced violence has reached proportions that Sorel could not possibly have envisaged.

These books are distinctive in their goal of offering solutions to South Africa's troubles that do not involve a revolutionary assault on the power and privilege of the ruling Afrikaner elites. In fact, the authors see violence as potentially hurting blacks more than whites and, in any case, unlikely in the near term to uproot the apartheid regime. To be sure, like virtually every author who has published in the United States on the theme of race and politics in South Africa, Lijphart, and Adam and Moodley, are morally and politically committed to the dismantling of the apartheid system of racial separation and to the granting of full rights of citizenship to people of all races. But, aside from their common perspective of seeking a peaceful road away from apartheid, a combination of factors sets these two books apart from many of the other writings. First, the authors refuse to allow an interest in racial liberation to weaken their commitment to democracy. They would be profoundly unsatisfied with an outcome of the present struggle that did not involve the inauguration of a nonracial or multiracial *democratic* regime.[3]

Second, both books are meant to be contributions to a theory of ethnicity and the state. Lijphart is a leading authority on questions of democracy and ethnic pluralism, and an advocate of the "consociational" approach toward solving problems of ethnic distrust within a democratic framework. Adam has worked within the Frankfurt school of sociology, and is best known for his work in explaining how political systems can survive without legitimacy. Both seek to add to our general knowledge of ethnic pluralism and the state by juxtaposing social science theories to South African realities. Third, both books focus our attention on politics within South Africa itself. The authors believe that pressure by the United States or other foreign countries can have only a marginal effect on political outcomes. Questions about divestment, Sullivan principles, and funding of guerrillas are not central, in either of these works, to the

[3] Unlike many American social scientists who have written on South Africa in recent years (such as Robert Price, William Foltz, and Thomas Callaghy), the authors of the books under review have not done research in an African state that overcame colonial status and was ruled by black Africans. Neither work is therefore imbued with the ethic, common in the writings of those who have done such research (including myself), that political independence is itself a key to racial dignity, and that in the African context of the 20th century, human dignity is an issue that precedes political democracy. See Robert Price and Carl Rosberg, eds., *The Apartheid Regime: Political Power and Racial Domination* (Berkeley, CA: Institute of International Studies, 1980); William Foltz, "The Foreign Factor in New Constitutional Provisions for South Africa," in Frederik van Zyl Slabbert and Jeff Opland, eds., *South Africa: Dilemmas of Evolutionary Change* (Grahamstown, R.S.A.: Rhodes University, 1980); and Thomas M. Callaghy, ed., *South Africa in Southern Africa: The Intensifying Vortex of Violence* (New York: Praeger, 1983).

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discussions of the probability of reform. In this sense, both volumes focus on what "they" can do to save themselves rather than on what "we" can do to save them.[4]

Fourth, both books take the political debates among the Afrikaner elites seriously. The authors do not see all reform proposals of the Afrikaner-led National Party (NP) as a sham to be derided; they see ideas in those proposals that suggest that reason and good will can yet penetrate the political system of apartheid. Both look for bargaining flexibility on each side of the racial divide, and envisage a possibility for a negotiated settlement that can assure peace and democracy. For this reason, and unlike so much other writing on South Africa's troubles, both books are guardedly optimistic.

Democracy and Peace in South Africa: A Realistic Possibility?

Consociationism (or "power-sharing") is the name Arend Lijphart has given to a relatively unrecognized form of democracy. It became formalized in the early 20th century in some small European states (the Netherlands, Belgium, and Austria in particular) that were divided culturally and vulnerable economically. The problem was how to make the economic adjustments necessary to survive the difficult international environment without exacerbating ethnic and religious tensions. Since any elite group, under a majoritarian, winner-take-all voting system, would be subject to the accusation that it was governing in the interests of its particular constituency, these European states devised a form of political accommodation that sustained them as democracies through a difficult economic and political era. Lijphart wrote a pathbreaking study of this process as it occurred in the Netherlands,[5] and has subsequently sought to extend the lessons learned from that experience to other polities suffering equally or worse from ethnic tensions.[6] Although the conventional wisdom held that ethnic and religious pluralism is not conducive to de-

[4] Both Lijphart and Adam understand the Afrikaans language (Lijphart's mother tongue is Dutch; Adam's is German), and both have good contacts with Afrikaner elites. Furthermore, both have served on the Buthelezi Commission, organized by the leader of the KwaZulu "homeland," which produced a report on political reform for South Africa, entitled *The Requirements for Stability and Development in KwaZulu and Natal*, 2 vols. (Durban: H and H Publications, 1982). Kogila Moodley is a sociologist working in Canada, born in the Indian community of South Africa. She has not only studied but lived under apartheid. She speaks Zulu and has many contacts as well as family in South Africa.

[5] Lijphart, *The Politics of Accommodation* (Berkeley: University of California Press, 1968). Lijphart does not address the socioeconomic preconditions that led to consociational pacts in Europe; he focuses on the political bargains.

[6] Lijphart, *Democracy in Plural Societies* (New Haven: Yale University Press, 1977).

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mocracy,[7] Lijphart—and what has become an invisible university of consociational scholars—attempted to demonstrate that the conventional wisdom is built on a very restrictive definition that equates democracy with majoritarianism.[8]

Consociational systems all have their own institutional niceties and borrow from innovative practices of other democracies. But Lijphart sees four elements as basic to consociationism:

> (1) Executive power-sharing among the representatives of all significant groups; (2) A high degree of internal autonomy for groups that wish to have it; (3) Proportional representation [P.R.] and proportional allocation of civil service positions and public funds; and (4) A minority veto on the most vital issues (p. 6).

Lijphart envisions this framework as South Africa's best hope for democratic stability.

Before making his brief for a South African consociation, Lijphart points out (in chapter 2) the inadequacies of its alternatives. To many, majoritarianism is the obvious solution, in part because aside from racial restrictions, that is the form of government South Africa had, at least until the 1983 Constitution. Furthermore, the cry for majority rule has been the "bottom line" of African liberation at least since World War I, and it has meant the elimination of separate voting rolls for colonial settlers. Lijphart quotes W. Arthur Lewis approvingly to the effect that black African insistence on majoritarianism is a result of colonial "brainwashing" (p. 17), the British system having been set up as the ultimate in democratic freedom. Here Lijphart is insistent: "Majoritarianism is both undemocratic and likely to be unworkable in plural societies." Because people will vote for their own, "a democratic alternation in office is unlikely. Minorities that are excluded from power will probably remain excluded and will almost inevitably lose their allegiance to the regime" (pp. 18-19). He finds partition equally ominous, for it would result in large population transfers, vandalism, and economic chaos.

Having discredited the alternatives, Lijphart moves on (in chapter 3) to a summary of consociational proposals that have been made within South Africa. He compares and contrasts the proposals of the Study Project on Christianity in Apartheid Society (1969), the National Party proposals leading up to the Constitution of 1983, proposals by white opposition groups, and, finally, proposals seeking to institutionalize forms of

[7] See, e.g., Robert Dahl, *Polyarchy* (New Haven: Yale University Press, 1971).

[8] A volume that features many members of this invisible university is Kenneth McRae, ed., *Consociational Democracy* (Toronto: McClelland & Stewart, 1974). Lijphart's book under review has an excellent bibliography on the consociational literature.

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consociation in economic zones comprising black homelands and neighboring white areas. For each proposal, Lijphart asks whether it is really consociational and whether it is realistic in the South African political environment.

In addition to giving the reader a good sense of the nonconfrontational debate on constitutional forms that goes on amidst the more spectacular events in the streets and in radical circles, Lijphart has a deeper agenda in this chapter. First, he wants to demonstrate that, in realistic terms, consociation is the only serious possibility: "All of the recent detailed proposals for democratic reform contain important consociational elements" (p. 47). The question for Lijphart, then, is not *whether* consociation is the basis for a future democratic South Africa, but *which* form of consociation is most applicable. Second, Lijphart seeks to dissociate himself politically and morally from the 1983 Constitution, whose authors have invoked his name in an attempt to bestow legitimacy on a scheme that gives no democratic rights to the blacks. This Constitution, Lijphart insists, is a "sham" consociation.

Third, Lijphart tries to overcome an important bargaining roadblock for consociation in South Africa. Unlike in Switzerland or the Netherlands, where the definition of the groups was accepted by all parties, the very naming of the "ethnic" groups is highly political in South Africa. The National Party insists that black Africans should be divided by tribe; the Afrikaners would then appear to be more or less equal in population with the major African groups. In this context, most Africans refuse to be labeled as tribal members; they protest that this sort of division would amount to an imperial "divide and rule" strategy. In response, Lijphart argues that in a system of proportional representation, there need be no prior naming of groups: "The beauty of P.R. is not just that it yields proportional results and permits minority representation . . . but also that *it permits the segments to define themselves*" (pp. 68-69; emphasis in original). Fourth, Lijphart outlines what he sees as the optimal consociational principles for South Africa. These include P.R. at all levels of government, in voting and administration; and a minority veto for all groups, which "should consist of an absolute veto on the most fundamental issues" (p. 81).

Is this a realistic hope? Lijphart thinks so, and in the following two chapters he launches a two-pronged attack against his critics. First he responds to a battery of academic critiques aimed at consociational theory in general. In a discussion that encompasses more than 25 percent of the text, Lijphart defends his theory against charges that it is not scientific;

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that it is empirically wrong in connecting consociation with peace, and majoritarianism with violence and democratic collapse; that the line of causation is wrong, since consociation is the result rather than the cause of peace; that consociational democracy is an oxymoron because consociation implies oligarchy; and that the distinction between consociationism and majoritarianism is an untenable dualism.[9] Here one sees Professor Lijphart dressed as Cyrano de Bergerac, sword in hand, killing off all comers. This battle is truly valiant even though the reader hardly hears the full voices of the critics; they appear to be advancing on Lijphart without weapons.

A second attack on potential critics seeks to demonstrate that, on theoretical grounds, the conditions in South Africa are moderately favorable for consociational success. In his earlier work, Lijphart had enumerated nine conditions associated with successful consociations: (1) no majority segment (which would seek to move from power-sharing to majoritarianism); (2) segments of equal size; (3) small number of segments (but more than two); (4) small population size of country; (5) existence of external threats perceived as equally dangerous by all segments; (6) overarching loyalties by all segments to the boundaries of the state as constituted; (7) socioeconomic equality; (8) geographical concentration of segments (lower contact, lower conflict); and (9) traditions of elite accommodation and bargaining.

Lijphart then rates South Africa on these criteria and compares it with other ethnically and/or religiously plural states. He gives it the lowest possible score for socioeconomic equality and recognizes that, for consociation to succeed, there would have to be an agreed-upon formula for economic transfers. In view of South Africa's wealth, Lijphart considers

[9] Among the critiques cited by Lijphart, the following seem most important: M.P.C.M. van Schendelen, "Critical Comments on Lijphart's Theory of Consociational Democracy," *Politikon* 10 (June 1983); Brian Barry, "The Consociational Model and Its Dangers," *European Journal of Political Research* 3 (December 1975); Jürg Steiner and Jeffrey Obler, "Does the Consociational Theory Really Hold for Switzerland?" in Milton Esman, *Ethnic Conflict in the Western World* (Ithaca, NY: Cornell University Press, 1977); G. R. Boynton and W. H. Kwon, "An Analysis of Consociational Democracy," *Legislative Studies Quarterly* 3 (February 1978); Pierre van den Berghe, ed., *The Liberal Dilemma in South Africa* (New York: St. Martin's Press, 1979); Cynthia Enloe, "Internal Colonialism, Federalism and Alternative State Development Strategies," *Publius* 7 (Fall 1977); Ian Lustick, "Stability in Deeply Divided Societies: Consociationalism versus Control," *World Politics* 31 (April 1979); Anthony Mughan, review of Lijphart's *Democracy in Plural Societies*, in *Ethnic and Racial Studies* 2 (October 1979); David Bohn, "Consociationalism and Accommodation in Switzerland," *Journal of Politics* 43 (November 1981); Ronald Kieve, "Pillars of Sand: A Marxist Critique of Consociational Democracy in the Netherlands," *Comparative Politics* 13 (April 1981); and Adriano Pappalardo, "The Conditions for Consociational Democracy: A Logical and Empirical Critique," *European Journal of Political Research* 9 (December 1981).

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such a formula to be attainable. On the other eight criteria, he finds that South Africa doesn't do too badly. Its overall score lies somewhere between the successful model of Switzerland and the failure of Cyprus.

Theoretical critiques disposed of and empirical conditions satisfied, Lijphart recommends a consociational design for South Africa with a tone rarely heard in policy science: "There is no certainty that the policy recommended above will work, but it is clear, fair, and realistic, and it offers the best hope for achieving the goal of power-sharing in South Africa" (p. 135).

Barriers to Consociation in South Africa

Has Lijphart shown us the road that leads out of the abyss of apartheid? His challenge to the ruling elite is explicit:

> If the South African political leaders, especially those currently in power, do not make a serious effort to establish consociational democracy and if they do not give it a serious chance to work, they cannot blame it either on their supporters or on unfavorable background conditions. They will have only themselves to blame (pp. 131-32).

I wish the road were that clear; unfortunately, a critical examination of Lijphart's arguments reveals some difficult barriers.

Let me first admit that much of the criticism leveled at consociation has been successfully handled by Lijphart; as a normative theory of democracy, consociation remains vibrant and appealing. To clear the air some more, it should be stated that any guilt imputed to consociation—because its name has been appropriated by the National Party in order to maintain the oppression of blacks—is unfounded. Its use in National Party propaganda should be labeled as the sham that Lijphart has properly shown it to be (pp. 56-64). As Socrates made clear to Thrasymachus, justice does not become less worthy a goal because powerful people exploit the weak in its name.

This said, I must point out three problems in Lijphart's position.

1. *Favorable conditions*. Lijphart argues that the favorable conditions he enumerates are neither necessary nor sufficient, but only probability statements. The better the overall score, the more probable a successful consociation. The problem is that a low score leads Lijphart to defend consociation as much as does a higher score—in the latter case, consociation is seen as a desirable form of democracy; in the former case, it is seen as the only feasible form of democracy. In his *Democracy in Plural Societies* (see footnote 6), and quoted in the volume under review, Lijphart admitted that South Africa is an extreme case of pluralism where "the out-

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look for democracy of any kind is poor." He nonetheless went on to advocate consociationalism, for "if there is to be democracy at all it will almost certainly have to be of the consociational type" (p. 128). Thus, if conditions are favorable, Lijphart's theory leads him to propose a consociational system; if conditions are unfavorable, he proposes the same. The status of the conditions is questionable if the score does not alter the recommendation.

Perhaps Lijphart would argue that the purpose of showing a moderately high score for South Africa is not to make a scientific recommendation, but rather to alleviate any fears among South African elites that power-sharing would necessarily lead to disaster. But, if this were the case, Lijphart would have to demonstrate that the expected utility of a moderate chance of a consociational success is higher than a poor chance of continued oligarchical rule. Lijphart merely quotes observers who warn that the racial oligarchy cannot last forever, and that there will be violence if there is no change. He gives us no analysis of the probability of the collapse of racial oligarchy as compared with the breakdown of a consociation. If he is trying to convince the Afrikaner elites that they would be better off with a consociation than with the status quo, he should provide better comparative evidence of expected utilities. I believe that Lijphart avoids these economistic analyses because he is constructing a political myth of a peaceful democratic future rather than advancing a neutral science of cause and effect.

2. *Incentives*. In the opening pages of his book, Lijphart judges as "well founded" (although somewhat premature) the predictions that South Africa is facing an impending "bloodbath" and that the country is now a "tinderbox" in which there is already an "undeclared war" (p. 2). He asserts that the choice for the National Party is therefore not between maintaining minority power and sharing power, but between sharing power and losing power. I believe that he is correct; but from a theoretical viewpoint it is odd that such an important condition for the making of a consociational bargain is not discussed formally as a "favorable" condition. The capability and desire of black groups to employ violence strategically, and in so doing to threaten their own economic stake in the country, is a necessary condition for bringing the National Party into serious negotiations. Important short-term policy implications are at stake here: Should those who desire a consociational bargain advocate the steady supply of arms to black nationalists in order to keep conditions favorable for future bargaining? Because violence is not part of Lijphart's formal model, he does not address himself directly to this question.

A wider issue of bargaining incentives also merits attention. Students

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of conflict theory—those who model arms races, for instance, as examples of Prisoners' Dilemmas—have demonstrated that there is a world of difference between desirable outcomes for all parties and equilibrium outcomes based on each party's seeking to minimize risk in the pursuit of its own interests. Lijphart argues that, in view of their stated preferences, the banned African National Congress (ANC) and the NP would both be doing well with a successful consociation; he therefore chides both groups that they have no one to blame but themselves if this outcome is not reached. Those who have studied arms races have often made the same point, but the intermediate questions—who disarms first, and whether you can trust your adversary, especially since there would not have been an arms race in the first place if you had trusted him earlier—always dominate the agenda. In situations of structural conflict, in which desirable outcomes are not necessarily equilibrium outcomes, more than exhortation is necessary. Lijphart is particularly weak in his discussion of the bargaining process because he envisions a clear connection between what is desirable for the different parties and what can be achieved through the rational pursuit of (even enlightened) self-interest.

In game theory, it is possible to model the conflict between the forces of the African National Congress and those of the National Party. Game theory assumes that the players are rational units capable of strategic action. The NP and the ANC, however, are rather loose coalitions in which preference orderings are contested. For example, some in the NP would prefer military rule by Afrikaners over negotiation with the ANC; others would prefer some semblance of democracy even if it means negotiations with black liberation forces. In the case of countries, elites make strategic decisions about arming and disarming; game theory—despite the fact that countries are always divided within themselves—has been useful in describing the structure of international conflict. The power of game theory in these cases is in its ability to portray conflict in a clear way, and to demonstrate why conflict resolution has different possibilities and constraints, depending on relative power and information and on preference orderings.

Getting back to the South Africa case, let us assume (a) that the ANC has the choice of fighting for majoritarianism or of accepting a compromise; (b) that the NP has the choice of maintaining its oligarchy at all costs or of sharing power; (c) that the ANC's first preference is majoritarianism and its second a compromise solution with the NP; and (d) that the NP's first preference is a docile opposition and its second the maintenance of its racial oligarchy. With these assumptions, the results (on Matrix 1) demonstrate a classic Prisoners' Dilemma. Although Lijphart

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MATRIX 1

		ANC: Fight for Majoritarianism	ANC: Accept Compromises
NATIONAL PARTY	Maintain Oligarchy	2,2	4,1
	Share Power	1,4	3,3

Key: 4 = best; 3 = 2nd-best; 2 = next to last; 1 = last.
Row is first number; column is second number.

may be right in arguing that the most desirable outcome is for the ANC and the NP to accept power-sharing, he cannot show us that it is an equilibrium outcome. In fact, if both players employ their dominant strategies, we wind up at 2, 2, where the NP seeks to maintain oligarchy and the ANC continues to fight for majoritarianism. The route to desirable outcomes is political; merely pointing to their desirability is insufficient political analysis. Policy analysts must demonstrate the conditions under which the Prisoners' Dilemma could be resolved.[10]

3. *African realities*. As we have seen, Lijphart accepts as a fact that Africans have been brainwashed into thinking that majoritarian solutions to racial control are the only democratic ones. He underestimates, I believe, the degree to which the belief in majoritarianism accords with the self-interest of colonized Africans. The capture of the state apparatus has become the *sine qua non* of African nationalism because it is the only real prize that can be won. The nature of international capital—and its ability to flee across borders—ensures that in black Africa, popular control over economic forces is a chimera, and the attempt to alter the terms of economic incorporation can only create a disaster. (To be sure, the wealth in mines cannot be taken away; but the banking and manufacturing sectors would be severely hurt by capital flight.) If a nationalist elite cannot con-

[10] As readers of *World Politics* know, analysts of international relations have been working directly on this theme. See Kenneth Oye, ed., *Cooperation under Anarchy* (Princeton: Princeton University Press, 1985); originally published as issue No. 1 of *World Politics* 38 (October 1985).

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trol the economy, it can, if it captures the state, provide patronage, control the security apparatus, right some historic wrongs (by, *inter alia*, punishing those viewed as having committed crimes against humanity), and invest in human and infrastructural resources. For it, "sharing" in this realm would be a great concession, especially with whites; under consociation, the latter would veto any large increases in the state apparatus, or block retribution against those Afrikaners who had been especially ruthless against blacks. (For examples of sadism by white officials against blacks in South Africa, see Adam and Moodley, 104-06.) For black South Africans, giving up majoritarian principles would mean abandoning the one principle that gives them a strategic advantage over whites. Hardly brainwashed!

More is involved here. Suppose there were a consociational bargain. Proportional representation would create incentives for political entrepreneurs to appeal to characteristics of political constituencies that make them distinct from others. As Adam and Moodley point out, consociation "erodes the middle ground of compromising reformists . . . on both ends of the spectrum" (p. 206). The electoral scheme proposed by Lijphart could well exacerbate divisions within South Africa (by giving protection to any group that claims difference and can muster electoral support for the claim) rather than ameliorate them.

Still, anyone who has observed the human, political, and economic tragedy of post-independence Africa can hardly argue that better answers than consociation are available to South Africa's particular tragedy. Lijphart has therefore made a valiant if flawed effort to clear a path toward a democratic South Africa. The major problems are that (a) the risks of consociational failure are great enough for the Afrikaner political class to make consociation less attractive than continued racial oppression—at least until the degree of violence goes to higher levels;[11] (b) violence by black Africans to counter the present oppression may not only be evidence of political failure, but a necessary condition for consociational success; (c) exhortations to reach mutually desirable outcomes are often beside the point under conditions of structural conflict: what is needed are strategies to overcome undesirable yet "rational" outcomes;

[11] Lijphart does discuss a fallback position if consociation fails—namely radical partition. This undesirable solution could easily result in the massive violence associated with the India-Pakistan partition. In recognizing this, Lijphart contends that the horror of the fallback would create incentives for the maintenance of the consociation. He agrees, then, that the costs of consociational failure would be high; but he would have to hold (although he does no systematic analysis here) that the cost of consociational failure, multiplied by its probability, would be lower for the Afrikaner elite than the cost of losing power to revolutionary forces, multiplied by its probability.

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and (d) the realities of African nationalism suggest a rational basis for African interest in majoritarianism. Even if there were consociation, however, its electoral system could well create entrenched ethnic camps.

A Common South African Culture?

For Adam and Moodley, the South African puzzle is the high degree of compliance in the face of outrageous injustice (as it was for Adam in his landmark 1971 book).[12] They pose the problem in this way:

> What needs explanation above all else in South Africa is not repression but the relatively smooth achievement of compliance through coercion. How could an authoritarian regime with little domestic legitimacy continue . . . to detain annually for political or security offenses fewer than 1,000 persons out of a population of twenty-eight million? Why did South Africa ban only eleven persons in 1984/85, when in comparable military technocracies from Turkey to the Philippines, from Korea to Chile, from Cuba to the Soviet Union, tens of thousands of political dissenters are persecuted? (p. 134).

Conditions of compliance, they suggest, have not changed greatly despite the 1985 state of emergency.[13]

In answering their question, the authors analyze state policy as a form of "technocratic liberation" (pp. 11, 249). The technocratic state, they argue, has professionalized the system of control. The "messianic scientism" (p. 12) of the Afrikaner political class has enabled it to devise ever more subtle forms of racial control. To show the sophistication of the state, the authors point to the channeling of development funds to politically docile areas; the recruitment of black women police to reduce the personal reprisals by revolutionaries against the forces of "order"; the pri-

[12] Heribert Adam, *Modernizing Racial Domination* (Berkeley: University of California Press, 1971).

[13] Their premise appears questionable. The South African Institute of Race Relations reports that the rate of deaths *per day* resulting from the country's turmoil is on a steady rise, and reached 3.6 for the first two months of 1986. (See *New York Times*, March 9, 1986, p. 1.) Furthermore, in the three months since the declaration of a state of emergency on July 12, 1986, the South African government acknowledges that 9,300 people have been detained. Opposition leaders reckon on a figure closer to 14,000. (See *New York Times*, September 14, 1986, national ed., p. 10.) On the other hand, the relative openness of the society seems to support Adam and Moodley. Recent journalistic accounts—e.g., Joseph Lelyveld's *Move Your Shadow* (New York: Times Books, 1985); Conor Cruise O'Brien's "The South African Prospect," *Atlantic* 257 (March 1986); and J. M. Coetzee's "Tales of Afrikaners" in the *New York Times Magazine* (March 9, 1986)—demonstrate that, despite recent restrictions imposed on television coverage and more severe restrictions on the foreign press, the apartheid system is the most vividly reported oppression in human history. That the South African elites oppress 80 percent of their people, and do so without closing themselves up, Albania-style, is consistent with the puzzle of Adam and Moodley's premise.

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vatization of policing into security agencies paid for by private corporations and homeowners (a recession-proof mechanism of state control); and the fragmentation of the opposition by pitting black businessmen against black workers, separating both from the rising professional classes, and, of course, separating tribal groups from one another. In all these fragmented groups, non-white elites are co-opted by the state with different benefits and with carefully calibrated rights.

Many of these techniques were described and analyzed by Adam in his 1971 classic, *Modernizing Racial Domination*. The new twist to the argument about compliance without legitimacy, presented in the volume under review, is that the emergence of "consumerism" among black Africans is considered "as a legitimacy substitute." In this discussion, which has a poetic sadness, Adam and Moodley demonstrate the powerful effects of the white South African consumer society on the African masses. We learn that 20 percent of the black households in the Rand area own a color television set, and more than an additional 30 percent expect to buy one soon.

> Other researchers determined that in 1984 687,000 Blacks tried losing weight (compared with 2.1 million whites); 164,000 had taken out a life insurance policy during the twelve preceding months; 9.6 million adult Blacks owned a radio; and 1.9 million, a hi-fi set (p. 158).

Similarly, in circulation battles, the major papers publish "Extra" sections aimed at their black readers. Although they cannot ignore the political issues that their readers face, these papers, through their advertisements and concern for a bourgeois life style, immerse blacks further into the consumer culture. The result is a national society that transcends race. The authors observe a "common Christianity" (p. 198) among oppressors and oppressed. In light of these facts, the authors conclude that it

> is because officially differentiated segments in South Africa are so much alike in their aspirations that the ruling minority fears losing control, not because, as the minority asserts, the majority is different (p. 214).

The ironies are too bitter to leave without comment. "In Moscow," they quip, "an unofficial exhibition of modern art on the outskirts of town was bulldozed; the art of the South African victims [in the popular "theater of the struggle"] serves to keep them off the streets" (p. 157). The state-controlled television network invited critics of the government to discuss Orwell's predictions for 1984 in light of the South African experience. This show caused the authors to draw a depressing comparison: "In Orwell's system, the victims knew their fate. In the sophisticated new order of technocratic liberation, the victims are expected to frolic in their

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false freedom" (p. 162). And, as a final example, Adam and Moodley describe how blacks switch channels from entertainment meant for them to entertainment meant for whites (the TV hardware knows no color bar): "South African Blacks," they observe ruefully, "find themselves in the role of passive and bemused onlookers to a White struggle over how they should best be subjugated" (p. 164).

Thus we have a new form of control without legitimacy. A dominant ideology of "competent authority" that promotes a lifestyle in which private virtues are protected (but public action is held suspect) and compares itself to states in which impoverished consumers must live under incompetent (black) authority makes the overall cost of coercion low.

Despite the moderate success of technocratic liberation, Adam and Moodley see openings for real reform. This is in part due to the rising levels of violence; but it is more a reflection of what they consider to be a historic opportunity to rebuild South Africa on a foundation of legitimacy. Because they are not as impressed as Lijphart with the plural nature of South African society, they don't see much use for elaborate consociational formulae. But their constitutional sketch—a federalism that does have minority protections—is very much akin to consociation. (Perhaps because the word consociation has been appropriated by the National Party folk, Adam and Moodley prefer to call it by another name: corporate federalism.)

Rather than worry about constitutional niceties, Adam and Moodley concern themselves with the politics of preconstitutional negotiation—a theme that is only of background significance for Lijphart. They worry about the nature of the economic and educational reforms that would have to be set in motion before constitutional specifics were discussed. At the same time, they consider the massive reeducation campaign that would have to be aimed at demonstrating to the Afrikaner masses the fact that the blacks in general are unhappy with the status quo and are prepared to fight it, generation after generation. They cite polls that tell us that "substantial numbers of Whites still endorse the Verwoerdian setup" of separate development (p. 245). In a 1984 survey of the Afrikaans-speaking population, for example, 78.9 percent favored the Mixed-Marriages Act; 81.3 percent, the Immorality Act; 76.8 percent, the Group Areas Act; and 90.2 percent, the Separate Education set-up (p. 246). Obviously, a radical change in attitudes—which the authors believe can be handled in part by the media—is a precondition for a successful democracy in which blacks are given full citizenship.

The authors suggest a number of actions that could be complementary with a constitutional bargain and would demonstrate good faith by the

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whites. They point out that 40 percent of the Afrikaner work force is in the civil service, which is the segment of the white population most resistant to change. Their job is to administer the apartheid state. Obviously, in a post-apartheid South Africa, blacks would have to have an opportunity to work in civil service jobs. Adam and Moodley suggest that a language requirement be instituted in the bureaucracy; advancement should be contingent on knowing Afrikaans or English *and* an African language. This would give an immediate advantage to the blacks (pp. 62, 221). They also propose that the state compensate citizens whose properties were destroyed or confiscated in the application of the Group Areas Act (p. 223). Another suggestion is that the tax system be written so that "taxes collected *at large* are spent generally according to need, and the richer areas subsidize the poorer sections" (p. 224; emphasis in original). The authors envisage that all of these side-payments be part of an overall agreement.

The other issue of preconstitutional negotiation concerns questions of who sits at the negotiating table under what auspices. A host of problems is involved. For example, the authors point out that,

> if ... Pretoria were to ... negotiate seriously with Inkatha [Chief Buthelezi's political movement, largely Zulu in membership and reformist in ideology] first, in the hope that this would then circumvent ... [the ANC], Inkatha would be easily outradicalized and lose legitimacy (p. 239).

Political relations between the ANC and the large black union movement, in which most of the union officials "have kept aloof from political affiliations and operate with a different agenda from that of the ANC" (p. 258), also require management. A further question: can one demand that the ANC demilitarize itself before it sits to negotiation? If so, it would have to give up its one comparative advantage over other black groups. If not, the Afrikaners would be permitting revolutionaries to cross their borders. Despite the common interests that blacks and whites may have in a peaceful, democratic South Africa, the authors recognize that the attainment of a political accord requires much more than a constitutional bargain. Much of Adam and Moodley's discussion is an attempt to find formulas for reaching accords in view of the fact that getting the various parties together at a negotiating session is itself a major political problem.

To a considerable extent, the two books under review are complementary. Lijphart works out the specifics of the constitutional bargain; Adam and Moodley weigh the preconstitutional issues. But how do we arrive at such complementary recommendations when the sociological assessment

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of South Africa is so different? To answer this question, and to scrutinize the Adam-Moodley argument more closely, let us examine their theory of ethnicity.

South Africa without Apartheid maintains that modern capitalism has an integrating force, a force that creates the common consumer culture in South Africa. Serious ethnic separatism cannot occur in post-industrial society because all its members are intertwined by a common pursuit of delectables and diets. The authors observe a

> common, albeit differential, involvement of industrial citizens in an interdependent post-industrial economy. Cultural preferences, differences in norms and values, are completely overshadowed by the common interest of all subordinate members in divided societies . . . in equal wages and opportunities, reasonably priced consumer products, Western standards of housing and education, optimal health care and recreational facilities, individual security and public recognition of merit rather than skin color (pp. 52-53).

Adam and Moodley conclude that, because of membership in this new consumer culture, few blacks "desire legislated protection of their racial identity" (p. 196). Consociational bargains, the authors therefore point out, are artifacts of pre- and early industrial states, in which cultures had not yet been homogenized.[14] In their more sober passages, the authors are aware that capitalism has not really homogenized culture (e.g., p. 5); yet they still make these assertions. Nonetheless, they correctly perceive the importance of the vast economic changes in South Africa that have made apartheid less useful for the owners of capital. Sophisticated new mining equipment, for example, has enhanced the value of skilled labor. As blacks become more skilled in their jobs and play an important role in their corporations, they no longer believe in the threat that unruly workers will be fired and migrants will be trucked in to replace them. Modern capitalism in South Africa has not eroded cultural differences, but it has reduced the solidarity of the alliance between the political and economic elites.

The authors try another argument to buttress their claim that the cultural divide in South Africa is not as great as many maintain. Consistent with the most recent research on ethnicity and the state,[15] they consider

[14] This is a misreading of the political economy of the consociational pacts in Europe. See Peter J. Katzenstein, *Small States in World Markets* (Ithaca, NY: Cornell University Press, 1985), chap. 4. It is mind-boggling that Adam and Moodley imply that South African blacks in the 1980s are more entrenched in modern capitalism than were European workers in the 1930s.

[15] See, e.g., Robert Bates, "Modernization, Ethnic Competition, and the Rationality of Pol-

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the identification of an individual with an ethnic group not as a cultural "given," but rather as a political "taken." Cultures are seen as sociologically dynamic and subject to change based upon the strategic interests of their core membership. There is nothing eternal about "Zulu-ness"; if political incentives lead to a merger of Zulus and Xhosas into a cultural group called "South Africans," that is no different from the way the Zulu culture was itself created out of the fissures and fissions of previous groups.

What Adam and Moodley see in contemporary South Africa is the emergence of an interdependent culture among South Africans. Blacks no longer press for their indigenous languages to be official—they want the economic mobility associated with English. In religion,

> Black theology binds its adherents to the world of their adversaries. It encourages, not a separate religious ethnicity as in Lebanon, Northern Ireland, Sri Lanka or Sudan, but a perception of common fate with White Christians (p. 50).[16]

On the other hand, the authors also argue that "three and a half decades of formal apartheid preceded by a long period of informal segregation have . . . created their own group consciousness" (p. 16). They discuss intelligently the tribal base of the Inkatha movement in Zululand. I believe that what Adam and Moodley miss is the fact that culture has two faces.[17] Looked at from one side, culture is the result of rational individual decisions about membership and inclusion. But viewed from the other side, culture embeds values and provides guides for moral action. Indeed, to attribute immutable reality to cultural forms is a sociological error: German romanticism of the 19th century changed into Teutonic efficiency in the 20th.

Yet culture is an observed reality. If people believe deeply that they are Zulus, and model their behavior based on a conception of how Zulus ought to act, then they are reinforcing, or perhaps creating, a social reality. Although it is true that the Zulu culture as it currently stands is in part the result of hegemonic strategies of control by white South Africans, it is equally true that Zulu culture is itself a social fact, based on historical reality and reproduced both by forces of external control and internal so-

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itics in Contemporary Africa," in Donald Rothchild and Victor Olorunsola, eds., *State Versus Ethnic Claims: African Policy Dilemmas* (Boulder, CO: Westview Press, 1983).

[16] Their table on religious membership (p. 199), broken down by race, belies their argument. The overlap in church membership among whites, coloureds, Asians, and Africans is negligible.

[17] See Abner Cohen, *Two-Dimensional Man* (Berkeley: University of California Press, 1974), and David Laitin, *Hegemony and Culture* (Chicago: University of Chicago Press, 1986).

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cial dynamics. Consumerism alone won't dissipate that culture, even if the Zulu language ceases to be its central marker. Political activists may decry the notion that they are merely advocates of their cultural group; but the colonial system, reinforced by the apartheid policies, has reified the tribal groups that the Afrikaners so carefully enumerate. Furthermore, a long period of racial categorization and separation has reified race as a social marker. Afrikaner values and beliefs may be historically contingent—but they are no less real. The idea that all South Africans now share a common culture is a political myth—no different from Lijphart's that consociation is a realistic political equilibrium, or Sorel's that a general strike would be the preface to a successful social revolution.

Despite the myth making, Adam and Moodley's policy prescription takes into account the reality of tribal and racial differences. A South African consumer society transcending race and tribe may be a reality, but that hardly denies the symbolic power of ethnicity—Zulus, Xhosas, Afrikaners, etc.—that would play a powerful role in any form of South African democracy. This is why their solution of corporate federalism resembles so closely Lijphart's prescription of consociation.

Social Science as Myth

The two books under review demonstrate the pitfalls attendant to trying to apply social science theory to policy prescription.

Lijphart has tried to stretch a theory of consociation, which has proved to be a solution to the problem of sustaining democracies in culturally divided societies, to fit the vexing nightmare of South Africa. I have already pointed to a number of problems with the analogy. But the issue runs more deeply. The "white coat" phenomenon of objective science tends to hide the inner clothing of personal judgment and wishes. Lijphart's scoring of favorable conditions (p. 120) is based upon a mixture of hope and reality. He grants a high score for "segments of equal size" even though he acknowledges elsewhere that the very definition of the segments cannot be known until after a P.R. election. Without such data, Lijphart accepts the Afrikaner definition of the constitutive groups of South African society. Can this be objective? Furthermore, his neutral score for "traditions of accommodation" hardly takes into account that, in the present political environment, any black leader who is seen negotiating with the NP elites is immediately discredited as a spokesperson for African interests. Chief Mantanzima of the Transkei homeland is a pariah to African liberation forces because he has been "accommodating." The fact is that there have been *no* serious negotiations between the races. Why then a

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neutral and not a negative score? To be sure, Lijphart does not rest his case on this rating exercise; but it does lend an aura of scientific objectivity to his personal judgment that in South Africa, power-sharing is feasible.

Application of social science knowledge to political prescription is more problematic for Adam and Moodley. Their *theory* tells them that consociational structures such as proportional representation would bring to the political forefront leaders who emphasize racial and cultural differences. These structures would further exacerbate an already deeply divided society. Their *judgment*, however, tells them that, because of the probable context of negotiations, there is no alternative to proportional representation. Thus, there is a disjunction between their theory of ethnicity and their prescriptions for creating a democratic and nonracial society.

What is lacking in both books—and essential for prescriptive political science—is a theory of political processes that is as systematic as the theory of ethnicity. One such alternative, as I suggested earlier, is game theory.[18] I have already demonstrated the Prisoners' Dilemma faced by white and black players in the politics of liberation. Adam and Moodley present excellent material to work out a variety of other games, which can help to reveal prospects and possibilities. Let one such game—between the white business elite and the ANC—serve as an illustration. (See Matrix 2.)

The white business elite, as Adam and Moodley make clear, has an (al-

MATRIX 2

		ANC	
		Seek Military Victory	Seek Bargain
WHITE BUSINESS ELITE	Solidarity with National Party	1,4	4,1
	Seek Separate Bargain	2,2	3,3

Key: 4 = best; 3 = 2nd-best; 2 = next to last; 1 = last.
Row is first number; column is second number.

[18] Adam and Moodley are aware of the game-theoretic dilemmas; see their discussions on pp. 55, 121-22, and 253. But they do not incorporate their insights about these dilemmas into their ultimate policy prescriptions.

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beit weak) incentive to defect from its alliance with the National Party ideologues. Might it be in its interest to make a separate peace with the ANC, perhaps granting it its wish for a majoritarian electoral system, in exchange for a commitment to a laissez-faire policy in the business sector? Here we assume that the ANC would prefer a clear victory over a united white resistance; but if the business elite were willing to bargain, the ANC would play. The ANC's worst outcome would be to seek to bargain against a united and unyielding white elite. We assume that the business elite would prefer to bargain with the ANC, if possible without having to split from the NP. But if the level of violence were to rise, it would probably prefer a pact, even if it means splitting from the NP.[19] Unlike Prisoners' Dilemma, this game has no dominant strategy for either player, and no equilibrium. The freedom of action for a political bargain at 3,3 is indeed in the cards, at least if the ANC were able to make a credible promise of noninterference in certain sectors of the economy.

Another game can be modeled between Chief Buthelezi and the National Party elites. There may well be an equilibrium—if the ANC can be neutralized—for a "sham" consociation that lets Buthelezi have permanent control over KwaZulu and accepts National Party control over the rest of the country.[20] To be sure, other games are going on: among the various African groups; among the white interest groups; involving the coloured and Indian communities; and so forth. But Matrix 2 should demonstrate that the description of a desirable outcome is insufficient for policy analysis. These subgames show why it is necessary to analyze the political processes that might unhook us from undesirable equilibrium outcomes and bring us to desirable ones.

Violence and Democracy

A second major problem with both books (and again thinking in terms of Sorel) is their authors' unwillingness to treat violence systematically. Sophisticated observers of the South African political scene remind us of the strength and the tenacity of the Afrikaner elites. In the words of foreign policy analyst Michael Clough, "the white state's coercive capabilities are more than sufficient to avoid negotiated capitulation."[21] The only

[19] The informal meetings between South African business elites and the ANC that took place in the fall of 1985 give some credence to these assumptions.

[20] I would like to thank William Foltz for raising the possibility of this game to me. For lack of a good sense of Chief Buthelezi's strategic preferences, however, this game cannot be modeled at present.

[21] Michael Clough, "Beyond Constructive Engagement," *Foreign Policy* No. 61 (Winter 1985-86), 22.

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condition under which white elites could be brought to a bargaining table in which the full citizenship of the Africans is under negotiation is if the perceived costs of the threat of violence were at extravagant levels. The authors of the volumes under review understand this. Yet they want to reduce the level of violence at some point. The question is, at what point? Right now, the Afrikaners have the great military advantage. Is this the most propitious time for a fair bargain? How much violence, or threat of violence, would be necessary? I would guess that the threat from the ANC would have to be at a much higher level before the nationalist elites would consent to a series of real constitutional negotiations. In any case, a good theory of overcoming racial injustice should treat the role of violence as systematically as other social and economic conditions.

In the century of Gulags and Nazi death camps, however, it is irresponsible—even immoral—to advocate violent responses to injustice without reckoning their potential costs, especially to those people in whose name the violence is committed. Our world is unlike that of Sorel, in which working-class violence could be portrayed as benign for European society; we know that the state has its own resources that make Sorel's (1913) "Apology for Violence" technologically defunct.[22]

But there is another side to Sorel that is not outdated. In the epigraph to this essay, he teaches us the role of "myth" in the re-creation of social reality. From this perspective, we can see how Lijphart, and Adam and Moodley, have created a sociopolitical mythology.[23] We see in it a South Africa in which good-faith bargaining among whites, coloureds, and blacks is still possible; in which a consumer ethic has created an interracial value consensus; in which vast interracial economic transfers can be made; and in which all groups can ultimately live together sharing political power. The empirical basis for these myths is not so unreal as to be rejected as hopelessly naive. Nor are the solutions so ethereal as to be dismissed as blindly utopian. These intrepid authors will not convince many social scientists that there is an open road to peace and justice in South Africa. But their goal is to convince South Africans themselves that they need not—like the chorus in Greek theatre—mourn the results of the oncoming tragedy before the play begins. Political nightmares, the authors remind us, can be avoided through accommodation built on myth. If these authors could by their writings alter political discourse and expec-

[22] Sorel (fn.1), Appendix 2.

[23] *Verligte* South Africans are not immune to the construction of liberal myths. See Theodor Hanf et al., *South Africa: The Chances of Peaceful Change* (Bloomington: Indiana University Press, 1981); Frederik van Zyl Slabbert and David Welsh, *South Africa's Options* (Cape Town: David Philip, 1979); and Willem de Klerk, *The Second Revolution: Afrikanerdom and the Crisis of Identity* (Johannesburg: Jonathan Ball, 1984).

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tations within South Africa, they would be peforming a service to the world that few social scientists have ever achieved.

I remain a skeptic. That democracy, stability, and economic justice can occur in South Africa without being induced by the threat of armed upheaval appears to me to be a dream in the guise of science. Like Sorel, I see the need for real fear on the part of the ruling elites as a source of political concessions; unlike Sorel, however, I foresee violence as breeding counterviolence that is likely to hurt the oppressed far more than the oppressors. But unlike Lijphart, and Adam and Moodley, I see no other route to racial dignity.

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THE PERUVIAN EXPERIMENT IN RETROSPECT

By JANE S. JAQUETTE and ABRAHAM F. LOWENTHAL

David Becker, *The New Bourgeoisie and the Limits of Dependency: Mining, Class, and Power in "Revolutionary Peru."* Princeton, Princeton University Press, 1983, 447 pp.

E.V.K. FitzGerald, *The Political Economy of Peru, 1956-1975: Economic Development and the Restructuring of Capital*. Cambridge, Cambridge University Press, 1979, 356 pp.

Cynthia McClintock, *Peasant Cooperatives and Political Change in Peru*. Princeton, Princeton University Press, 1981, 498 pp.

George D. E. Philip, *The Rise and Fall of the Peruvian Military Radicals, 1968-1976*. London, Athlone Press, 1978, 178 pp.

Alfred Stepan, *The State and Society: Peru in Comparative Perspective*. Princeton, Princeton University Press, 1978, 367 pp.

Evelyne Huber Stephens, *The Politics of Workers' Participation: The Peruvian Approach in Comparative Perspective*. New York, Academic Press, 1980, 305 pp.

Rosemary Thorp and Geoffrey Bertram, *Peru, 1890-1977: Growth and Policy in an Open Economy*. New York, Columbia University Press, 1985, 475 pp.

John Weeks, *Limits to Capitalist Development in the Industrialization of Peru, 1950-1980*. Boulder, CO, Westview Press, 1985, 250 pp.

NO country in Latin America, and few anywhere in the third world, was the subject of more social science writing during the late 1970s and early 1980s than Peru. Books, monographs, articles, and dissertations poured forth from Peru itself, from elsewhere in Latin America, and from the United States, Western Europe, and even the Soviet Union and Japan.

What inspired this burst was not Peru's strategic significance, its demographic or economic weight, or its natural resources, but rather its experiment from 1968 to 1980 at militarily directed change. The key issues raised were the character and limits of military involvement in political and economic development; the sources, extent, and consequences of state autonomy; the nature and degree of international constraints on national choices; and the viability of "third way" approaches to development—approaches neither unrestrainedly capitalist nor outrightly socialist.

This essay reviews the salient literature recently published in English on Peru.[1] It summarizes the Peruvian experiment, analyzes why it oc-

[1] The Peruvian literature on this period is too abundant to be reviewed here. An entire gen-

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curred and evolved as it did, and assesses its results and significance. Several contending explanations of Peru's experience under military rule are discussed, as is the relevance of the Peruvian case for analyzing the political role of the military in developing countries.

The Peruvian Experiment: Origins, Evolution, and Consequences

On October 3, 1968, Peru's army chief of staff, General Juan Velasco Alvarado—supported mainly by a small cadre of army colonels—deposed the country's democratically elected president, Fernando Belaúnde Terry.

Within a few months, the new junta had established itself as an insti-

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eration of Peruvian social scientists cut its teeth on the effort to make sense of this period, a watershed in their own lives.

Julio Cotler's work, *Clase, estado y nación en el Perú* [Class, state, and nation in Peru] (Lima, 1978), is essential for a grasp of the historical and political context in which the military government acted. The best-informed analysis of factional struggles within the Peruvian military goverment is Henry Pease Garcia, *El ocaso del poder oligárquico: lucha política en la escena oficial, 1968-1975* [The decline of oligarchical power: political struggle on the official stage, 1968-1975] (Lima, 1979).

A worthwhile review of the economy is Felipe Portacarrero, *Crisis y recuperación: la economía peruana de los 70 a los 80* [Crisis and recovery: the Peruvian economy from the 70s to the 80s] (Lima, 1980). Other important contributions on the economy include Carlos Amat y Leon, *La economía de la crisis peruana* [The economics of the Peruvian crisis] (Lima, 1978); Daniel Schydlowsky and Juan Wicht, *Anatomía de un fracaso económico: Perú, 1968-1978* [Anatomy of an economic failure: Peru 1968-1978] (Lima, 1979); and H. Cabieses and C. Otero, *Economía peruana: un ensayo de interpretación* [The Peruvian economy: an essay in interpretation] (Lima, 1978).

Many useful sectoral analyses have been published in Lima. Among these are Giorgio Alberti, Jorge Santistevan, and Luis Pásara, *Estado y clase: la comunidad industrial en el Perú* [State and class: The industrial community in Peru] (Lima, 1977); Denis Sulmont, *Historia del movimiento obrero peruano, 1890-1977* [History of the Peruvian labor movement, 1890-1977] (Lima, 1977); José María Caballero, *Agricultura, reforma agraria, y pobreza campesina* [Agriculture, agrarian reform, and rural poverty] (Lima, 1980); Luis Pásara, *Reforma agraria: derecho y conflicto* [Agrarian reform: law and conflict] (Lima, 1978); Anibal Quijano, *Problema agrario y movimientos campesinos* [The rural question and peasant movements] (Lima, 1979); and Fritz Wils, *Los industriales, la industrialización y el estado-nación en el Perú* [Industrialists, industrialization, and the nation-state in Peru] (Lima, 1979).

There is also an extensive literature by participants in the Peruvian experiment. The best inside account, by a journalist who joined the government for a time, is Guillermo Thorndike, *No, mi General* [Sorry, general] (Lima, 1978). Others worth consulting include Alfonso Baella Teústua, *El poder invisible: los primeros mil días de la revolución peruana* [Invisible power: the first thousand days of the Peruvian revolution] (Lima, 1976); Hector Bejar, *La revolución en la trampa* [The trapped revolution] (Lima, 1976); Carlos Delgado, *La revolución peruana, autonomía y deslindes* [The Peruvian revolution: autonomy and limits] (Lima, 1975); Carlos Franco, *La revolución participatoria* [The participatory revolution] (Lima, 1975); Francisco Guerra Garcia, *El peruano: un proceso abierto* [The Peruvian: an open process] (Lima, 1975); and Augusto Zimmerman Z., *El Plan Inca: objectivo: revolución peruana* [Plan Inca: objective: Peruvian revolution] (Lima, 1975).

The major Peruvian works focusing on the military itself are those by Victor Villanueva, especially *Nueva mentalidad militar en el Perú* [The new military mentality in Peru] (Lima, 1969) and *Ejército Peruano: del caudillo anárquico al militarismo reformista* [The Peruvian army: from anarchic caudillo to reformist militarism] (Lima, 1973).

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tutional government of the armed forces rather than a personalist regime. It had also made clear its commitment—at least at the rhetorical level—to promoting profound changes in the nation's economic, social, and political structures, and even in its ideology.

For the next twelve years (the equivalent of two presidential terms under Peru's constitution) Peru's armed forces tried to modernize one of South America's most backward countries. They set out to accelerate the country's economic growth and to alter its distribution of income and power; to introduce new concepts of property and to end class strife; to integrate the Indian population into the mainstream of Peruvian society; to create new forms of political participation and even to create a "new Peruvian man"; to overcome external dependence; and to make Peru a leader of the third world.

These lofty goals, and Peru's innovative attempts to achieve them, drew international attention, with military officers and civilian politicians throughout the Americas taking note. Cuba and the Soviet Union provided economic assistance, as did Canada, several European countries, and a few private U.S. foundations.

Initial interest in Peru's experiment intensified as the regime's measures became more innovative. The armed forces moved from decisive nationalization of the International Petroleum Company (an Exxon subsidiary) a week after taking office to a sweeping agrarian reform law in June 1969 that affected not only the very large estates on the highlands but also, and immediately, the rich coastal sugar and cotton plantations. In 1970 and 1971, there followed the amendment and extension of various provisions of the agrarian reform law, far-reaching reforms of universities and of the educational system, the nationalization of several banks and a number of mineral deposits, and the establishment of the "industrial community," a worker-participation scheme imposed on the private sector.

By 1972, the regime was nationalizing other major industries and sectors (including the fish-meal industry, which had encountered severe problems and was veering toward bankruptcy) and creating a political mobilization agency (SINAMOS) that was supposed to move the country toward a "fully participatory social democracy." The following year saw the publication of a draft law, revised and eventually decreed in 1974, initiating a worker-managed "social property" sector that government spokesmen said would eventually come to dominate the economy. A complete government takeover of the press—and the assignment of specific newspapers and magazines to become voices of particular social groups—followed in 1974. During this period, Peru's military rulers

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were also building an infrastructure: expanding and strengthening the state's apparatus; constructing roads, ports, mining and fishing facilities; exploring (with limited success) for oil and building a pipeline to carry it to the coast; and expanding the country's productive base.

By 1975, Peru's military leaders had initiated reforms that were more numerous and substantial than had been undertaken in so short a time in any Latin American country in the twentieth century—except for revolutionary Mexico, Cuba, and perhaps Chile under Salvador Allende. Through some 4,000 laws and countless administrative actions, Peru's military elite tried to regiment an often resistant nation into "revolution."[2]

The period from 1975 to 1980, generally depicted in Peru as the revolution's "second phase," saw considerable change in the leadership, pace, and direction of Peru's military-directed experiments. General Velasco Alvarado, seriously ill since early 1973, was replaced in a bloodless military coup in August 1975 by the army's chief of staff, General Francisco Morales Bermúdez, an experienced military politician who had served as minister of finance under both Belaúnde and Velasco. Although Morales Bermúdez proclaimed continuity with Valesco's policies and expressed his irreversible commitment to the "revolution," he soon moved, under heavy internal and external pressure, to amend and to attenuate some of the reforms. By 1977 he was laying the groundwork for the extrication of the armed forces from office and for the resumption of democracy in Peru in 1980.

On July 28, 1980, Peru held national elections for the first time since 1963. The overwhelming winner—with over 45 percent of the votes cast—was none other than former president Belaúnde, who returned to the presidential palace on a campaign platform very similar to the one on which he had been elected seventeen years before. Even more striking was the fact that, between them, the only two candidates in the 1980 elections who had earlier been closely identified with the military polled less than 5 percent of the votes. Close to 90 percent of the electorate supported parties that had been specifically repudiated by the armed forces when they took power in 1968. These included Acción Popular (Belaúnde's party), APRA (Peru's oldest party, and long the military's nemesis), and various leftist parties. Peru's voters thus wrote an eloquent epitaph to the military regime.

[2] Each of us published an early interim assessment of the first years of the Peruvian experiment. See Jane S. Jaquette, "Revolution by Fiat: The Context of Policy-Making in Peru," *Western Political Quarterly* 25 (December 1972), 648-66, and Abraham F. Lowenthal, "Peru's Ambiguous Revolution," *Foreign Affairs* 52 (July 1974), 799-817.

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By the time President Belaúnde returned to office, Peru's experiment had aborted. The military regime's efforts to spur the country's economic growth had misfired badly. Productivity declined in both agriculture and industry, real wages fell, open unemployment rose, inflation climbed, and Peru's public debt skyrocketed.[3]

The failure of Peru's military experiment was not limited to economic performance. Although Peru's military leaders spoke ardently of improved equity, they did not significantly improve the country's regressive tax system; indeed, under their rule, it became more regressive. Having proclaimed the need for fundamental structural reforms, the armed forces presided over measures that left the lower 50 percent of Peru's income recipients virtually unaffected, and the lowest quarter actually worse off.[4] And having talked insistently about popular participation, the military regime found itself remarkably unpopular. Unable to rally public backing, it was repudiated at the polls and in massive national general strikes.

Except for the agrarian reform, few of the regime's major measures survived into the 1980s. SINAMOS, the social mobilization agency created to develop new ways to channel effective popular mobilization, disappeared with hardly a trace. Educational reform was largely eviscerated. "Social property" reform affected only a few marginal firms. The industrial community concept was amended substantially, and the country's drift toward a state-managed economy was reversed. All the expropriated newspapers were handed back to their original owners. Despite the regime's various efforts to reduce external dependence, the nation found itself deeper than ever in foreign debt by the 1980s, and still highly vulnerable to international economic fluctuations. Except for the somewhat quixotic attempts by Belaúnde to resolve the Falklands-Malvinas embroglio in 1982, Peru's aspirations to become a third-world leader evaporated.

Few observers see Peru's twelve-year experiment as a success. It is important to note, however, that the military's core program of nationalist affirmation, economic modernization, anti-oligarchical reform, and systematic state building was actually implemented to a considerable degree.[5] By the time the armed forces relinquished power in 1980, Peru's political and economic landscape had been altered. Agrarian reform had

[3] For a more complete discussion of the economic failures of the military regime, see David Scott Palmer, "The Changing Political Economy of Peru under Military and Civilian Rule," *Inter-American Economic Affairs* 37 (Spring 1984), 50.

[4] See Adolfo Figueroa, *Capital, Development and the Peasant Economy in Peru* (Cambridge: Cambridge University Press, 1984). See also Richard Webb, *Government Policy and the Distribution of Income in Peru, 1963-1973* (Cambridge: Harvard University Press, 1977).

[5] The points in this paragraph and the next are developed at greater length in Abraham F.

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dispossessed the landed oligarchy, even though it fell far short of its goal of turning peasants into efficient cooperative farmers and consumers of industrial goods. And, although the state's growth was more rapid than could be effectively managed, a significantly stronger public apparatus was created, and national planning was institutionalized for the first time.

The number of Peruvians actively participating in the national polity—as reflected in the growth of the potential and actual electorate between 1963 and 1980, for example—expanded greatly, thanks in large part to the extension of suffrage to the illiterate and to the process of mobilization precipitated by the military government's reforms. This process also entailed a significant increase in the number and strength of the cooperatives, trade unions, and neighborhood organizations through which Peruvians assert and pursue their interests. As for Peru's international relations, the country remains dependent, but its relations with foreign investors have become somewhat more symmetrical both in fact and in perception—in large part because of the expanded role of the state.

In all these respects, Peru's military rulers contributed importantly to overcoming the previous gap between the country's evolving socioeconomic realities and its anachronistic political institutions and public policies. Peru experienced, in accelerated form, changes that had occurred over several decades of populist politics in countries like Chile and Brazil. Peru's modernization overwhelmed previously entrenched traditional patterns, and, although the country did not experience a genuine "revolution" under military auspices, it did change significantly during this period.

Explaining Peru's Experiment

What accounts for the initial adoption of the reform program by Peru's armed forces? What explains the military's apparent early success in putting this program into effect? Why did the Peruvian experiment first become more comprehensive, then radicalize, and finally reverse direction? Why did Peru's military leaders attract so few followers, even from among the beneficiaries of their program? How should Peru's experience ultimately be characterized?

Lowenthal, "The Peruvian Experiment Reconsidered," in Cynthia McClintock and Abraham F. Lowenthal, eds., *The Peruvian Experiment Reconsidered* (Princeton: Princeton University Press, 1982), 415-30.

Compare Alan Angell, "The Peruvian Military Government 1968-1980: The Failure of the Revolution from Above," Occasional Paper No. 44 (Bologna: The Johns Hopkins University, Bologna Center), February 1984.

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Why Did the Military Adopt a Reform Program?

Economic structural explanations of the military "revolution" emphasize that the armed forces intervened to play the role inadequately performed by the national bourgeoisie. E.V.K. FitzGerald argues that the military acted to solve the "crisis of capital accumulation" that Peru's national bourgeoisie had failed to confront. Anibal Quijano describes a "crisis of hegemony" arising from unresolved tension between the oligarchic and industrial sectors of the bourgeoisie.[6] John Weeks asserts that the bourgeoisie itself took power in 1968, with the military the agents of the "national bourgeois project." Similar arguments are made by David Becker in his study of the mining bourgeoisie and by Rosemary Thorp and Geoffrey Bertram in their historical review. These treatments coincide in emphasizing that Peru's prior economic history had been largely determined by the absence of a strong, coherent, and successful national entrepreneurial class. They all argue that the armed forces sought to fill the resulting vacuum and to set the stage for the "deepening" of Peru's industrialization.

Julio Cotler's analysis is also structural, although more political than economic. He argues that the military's role and project was to integrate the nation and consolidate the state. The strengthened Peruvian state would mediate Peru's relationship with foreign capital, redistribute income within the country, and provide for greater integration in a society historically characterized by fragmentation and the marginalization of the rural peasantry. Success would eventually create popular support as Peruvians came to recognize the state as the "embodiment of their hopes and the core of their national collective identity."[7] The military's approach to state building was to paper over class differences with a corporatist rhetoric of solidarity. Capital and labor, in one of General Velasco's memorable phrases, should be "pulling the rope from the same end."

Alfred Stepan puts Peru's political configuration into comparative context, measuring its experience against that of the more advanced Southern Cone countries.[8] Because Peru was at an earlier stage of import substitution, Stepan argues, the armed forces had "political space" in which to maneuver and could declare a dramatic series of structural reforms. And because the country was at an earlier stage of popular mobilization,

[6] For a discussion and an extensive debate of the Quijano thesis, see David Booth and Bernardo Sorj, eds., *Military Reformism and Social Classes: The Peruvian Experience, 1968-1980* (London: Macmillan, 1983).

[7] Julio Cotler, "Democracy and National Integration in Peru," in McClintock and Lowenthal (fn. 5), 72.

[8] For an earlier and parallel argument, see David Collier, *Squatters and Oligarchs: Authoritarian Rule and Policy Change in Peru* (Baltimore: The Johns Hopkins University Press, 1975).

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the military could take an "inclusionary" approach to popular participation, in striking contrast to the "exclusionary" repressive policies of military "bureaucratic-authoritarian" regimes in Brazil, Argentina, Uruguay, and Chile.

Military institutional analyses, summarized by George Philip, take a different tack. According to these views, increasing professionalism in the armed forces had the effect of making the military leadership more aware of the structural causes of Peruvian underdevelopment and more confident of its own capacity to promote change. The equanimity of military officers had been tried by the challenge of guerrilla uprisings in the Sierra in the mid-1960s, and military analysts concluded that Peru's stability was more threatened from within than from without. The armed forces had supported the election of Belaúnde in 1963, but five years later they had become frustrated by the slow pace of civilian reform. A generous analysis of the military's motives is that they intervened to break the structural constraints on development. More skeptical observers point out that in intervening they also served a more narrow definition of institutional self-interest: higher military budgets, greater social prestige, and the opportunity to purchase more sophisticated weapons from abroad.

Philip argues that the "structural" and "institutional" versions of the military's role represent more than competing intellectual positions. Structural explanations were favored by the left in Peruvian politics, whereas the right dismissed reforms by criticizing the military's motives from the outset. Philip suggests that the armed forces launched a radical reform program, not to carry out a bourgeois project, but rather to fill the political vacuum on the Peruvian left that was created by APRA's move to the right. He uses the fact that the military's redistributive reforms did not find popular backing as evidence of the left's weakness and as support for his thesis.

With the exception of the rightist view that the "revolution" was merely a rhetorical cover for self-interest, both the structural and institutional analyses lead to the conclusion that the military's ambitious reform program was, paradoxically, both unanticipated and overdue. As the coup was recast as a "revolution," the military radically redefined its institutional role.

Why Did the Military Radicalize the Reform Process?

Observers agree that the Peruvian military experiment went through two stages, a first period of reform and increasing radicalization from 1968 to 1975, and a second period of "consolidation," actually a reversal, from late 1975 to 1980.

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The economic structuralists find the government's initial economic nationalism and the agrarian reform to 1969 fully consistent with the national bourgeois project, which required state protection of domestic capital and the creation of a national market. However, they generally lack a clear explanation for the later radicalization against bourgeois interests.

Weeks and Becker both make the case that the initial bourgeois revolution was a success. Weeks's data show that the domestic capital sector increased its relative share of production and enjoyed high profits; he argues that bourgeois interests did not come under attack until phase two, when Peru's balance-of-payments crisis forced Morales Bermúdez to accede to an International Monetary Fund stabilization program.

Becker's assessment is the most positive: he finds that the military succeeded in creating a cohesive bourgeoisie in the mining sector, shielded from predatory foreign competition and aided, not undermined, by the establishment of parastatal enterprises. For Becker, the danger to the institutionalization of bourgeois hegemony was not labor or the agrarian sector, but the rising demands of the urban poor. Labor had the organizational capacity to share in the benefits of "bonanza" development, and the agrarian sector could be reformed because bonanza development is based on mining export profits, not on the exploitation of the agricultural sector.

FitzGerald's view is more negative; he argues that the bourgeoisie was too weak to respond to the ambitious role the military had set for it. As a result, the military found itself increasingly dependent on foreign capital and on state intervention to meet its development goals. FitzGerald emphasizes the social-property reform as a last-ditch effort to stimulate entrepreneurial activity, a response to the hostility of the national bourgeoisie toward the military's development project.

By focusing on the mining bourgeoisie and by developing a model to manipulate rather than to reduce dependency, Becker can afford to ignore danger signals that worry FitzGerald and Weeks: the demoralization of the industrial bourgeoisie and an increasing dependency on foreign capital. Becker leaves the reader with the impression that the crisis of capital accumulation was successfully confronted and the bourgeoisie consolidated. This simply does not square with the economic realities of the past decade in Peru: low growth rates, severe declines in urban incomes, a high level of foreign indebtedness, and a permanent sense of economic crisis.[9] Only FitzGerald emphasizes the private sector's resistance

[9] For preliminary data on Peru in the early 1980s, see Stephen M. Gorman, ed., *Post-Revolutionary Peru: The Politics of Transformation* (Boulder, CO: Westview Press, 1982).

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to the industrial community and to social property—resistance that foiled the military's attempt to create a dynamic, pluralist economy.

The political analyses by Stepan and Cotler provide important insights into why the military risked derailing the national bourgeois project by the progressive radicalization of its reform agenda. They focus on the fact that, from the beginning, the political challenge facing the military was to counter the threat of peasant unrest and class conflict. The solution was "national integration," the creation of institutions that would give workers and peasants a stake in a more equitable, yet still capitalist, Peru.

Integration was to be based on economic growth, and economic growth was dependent on national capital, with the state to control key sectors. But cooperation between the military and national capital ran into difficulties at an early stage in the Peruvian experiment. The military leadership was unwilling to abandon its political objective, even when the pursuit of integrationist strategies led to open conflict with the national bourgeoisie. Additional tensions arose from the fact that, although the military government promoted popular participation, the military as an institution was ill-equipped to deal with the challenge of mobilization. Stepan argues that the military's institutional concerns contradicted its efforts to create genuinely participatory politics. The "corporatist" aspects of the "revolution"—most notably the establishment of SINAMOS, the attempt to set up government-dominated labor unions, and the organization of peasants and workers into peak associations—were attempts to resolve this contradiction. Many of the military's most radical and innovative reforms—the industrial community, the agrarian reform, and social property—were explicitly designed to channel political conflict into economic participation.[10]

The explanation of the course of phase one would not be complete without examining the role of General Velasco, whose strengths and weaknesses indelibly stamped the politics of this period. Cleaves and Scurrah attribute the progressive radicalization of phase one primarily to Velasco's leadership, which took the military's "revolution" far beyond the prudent calculations of military institutional interest. The military as a whole favored industrialization, but Velasco and his close advisers pushed for state ownership and social property. Velasco helped turn military resentment of economic privilege into a frontal attack on the landed oligarchy. To achieve "national integration" and "national security," Ve-

[10] For the view that more radical officers were genuinely committed to political mobilization, see Pease Garcia (fn. 1), 51-59, and Liisa L. North, "Ideological Orientations of Peru's Military Rulers," in McClintock and Lowenthal (fn. 5), 245-74.

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lasco pushed for a social revolution—in name, if not consistently in fact.[11]

The most persuasive explanation of the radicalization of phase one is that Velasco pressed on when others would have retreated. Velasco's conviction that structural change could be carried out in Peru from the top down helped maintain military institutional confidence despite the lack of popular and private-sector support.

Why Did the Military Abandon Its Radical Program?

Even the economic structuralist assessments look mainly to political factors to explain why the military ultimately abandoned its radical goals. In FitzGerald's view, the political weakness of the national bourgeoisie is the basic issue; Weeks, following dependency theory, argues that the experiment was aborted when foreign capital reasserted its political control through the stabilization program of the International Monetary Fund.

The structuralists' equation of military and bourgeois interests obscures the active role of the national bourgeoisie in bringing an end to military rule. Luis Pásara observes that the military's attempt to bring Peru's entrepreneurs into the "revolution" failed decisively. Some industrial entrepreneurs did take advantage of the new opportunities created by the reforms, and others accepted important government posts, but the military did not share power with them and tried instead to impose a social program that the industrialists rejected. In response, the industrialists "sabotaged" the industrial community and undermined the economy through systematic capital flight.[12]

The military could not take over the investment and management roles of the national bourgeoisie; its vision of a pluralist economy and its plan for a social-property sector clearly show that it did not intend to do so. Its few efforts to "build bridges" to the entrepreneurial class did not create a climate of *confianza* for private investment. They did undermine the military's claim to be "above politics," which increased popular opposition.

A key weakness of the military government—and ammunition for those who argued that the "revolution" was not radical enough—was its inability to redistribute income through effective taxation. Parastatal enterprises were run at a loss, putting further strain on the state budget and adding to inflationary pressures. Cotler concludes that the military's program was fundamentally contradictory; its attempt to conciliate conflicting interests and create a collaborative society failed because it sought to

[11] Peter S. Cleaves and Martin J. Scurrah, *Agriculture, Bureaucracy and Military Government in Peru* (Ithaca, NY: Cornell University Press, 1978).

[12] Luis Pásara, "When the Military Dreams," in McClintock and Lowenthal (fn. 5), 340.

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"impose distributive policies in the context of a development model based on the concentration of income and capital."[13]

Those emphasizing institutional considerations argue, in a somewhat circular fashion, that the military withdrew because of its "corporate" interest. The challenging question, however, is why the military leadership, which defined the military's "interest" as radical reform in 1970, returned to a narrower, self-protective definition a decade later.

Many analysts explain this retreat as the result of a profound disjunction between the military's institutional norms and the requirements of genuine political participation. Military norms are hierarchical and emphasize loyalty. Political participation is pluralist and, almost by definition, conflictive. In Cotler's phrase, the military's idea of participation was "a military parade."[14] Fear of genuine participation would explain the appeal of "corporatist" solutions, of SINAMOS and pro-government unions, and of the ill-fated attempt to control the press by turning Lima's daily newspapers over to specific groups whose representation the government deemed legitimate.

In retrospect, the most striking attribute of these corporatist mechanisms was their ineffectiveness. The government was never able to control representation, and often its efforts to do so stimulated the development of an independent opposition. Stepan contrasts the military's successful co-optation of the urban squatters with its inability to control the process of rural mobilization that resulted from the agrarian reform. In the case of the urban *pueblos jovenes* (shantytowns), there was no tradition of independent organization, and they maintained clientelistic ties to the "revolution" as they had to earlier regimes. Those peasants and unionized workers who had previous organizational experience and a relatively high level of ideological sophistication rejected the government's clumsy attempts to establish new, government-dominated channels of participation.

The failure of the corporatist mechanisms is clearly illustrated in the sectoral studies under review. Evelyne Stephens argues that the government's efforts to co-opt labor through worker participation and the peak association of workers (CONACI) had the opposite effect. Strike activity increased substantially and CONACI and the independent unions resisted the government's strenuous efforts to co-opt them. Cleaves and Scurrah as well as McClintock found that Peru's peasants rejected key government initiatives and refused to provide the Velasco regime with the degree of political support that it wanted. Both the new peasant co-

[13] Cotler (fn. 7), 36.
[14] *Ibid.*, 33.

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operatives and the new peak association for agriculture (the CNA) became independent institutions rather than corporatist mechanisms of control. McClintock points out that, as the agrarian reform changed peasant attitudes and increased political skills, the peasants showed a "tendency to use this capacity against rather than for the state" (p. 322). Elsewhere, McClintock concludes that corporatism was "an illusion" in Peru, "existing only on the charts of Lima analysts."[15]

The genuine popular mobilization that occurred in phase one did not result in the military's replacing the Left, as Philip hypothesizes. Rather, it stimulated the creation of what FitzGerald labels a "true" Left for the first time in Peruvian political history. Indeed, in the constituent assembly elections in 1978, and again in the municipal elections of 1983 and the presidential elections of 1985, an alliance of leftist parties commanded nearly 30 percent of the popular vote, compared to just 6 percent in 1962.

The notion that the Peruvian military enjoyed "political space" in which to maneuver turned out to be a chimera. The relative autonomy of the military, which was an early advantage in initiating radical reforms, became a disadvantage at the stage of implementation. In Stepan's view, this is explained by the institutional position of the military in Peruvian society. When it became a "state elite," the military was "not sustained by constituencies in civil society," and it became "almost exclusively dependent on its own internal unity and coercive powers." The reform programs should have created popular support among peasants and workers, but the military could not capture the mobilization its programs engendered, and it became increasingly vulnerable: "The other side of the coin of autonomy was isolation and fragility" (p. 302).

The argument that the military regime in Peru, in contrast to that in Brazil, had sufficient "policy space" to be politically inclusionary creates the false impression that Peru's backwardness allowed the military to implement a set of postponed reforms that would simultaneously promote economic growth and integrate a substantial proportion of Peru's marginalized population. But the military's reforms did not yield an economic "miracle" in Peru, and the newly mobilized refused to be integrated on the military's terms.

The contrast between Peru and Brazil could be said to illustrate a very different point. In 1968, as in 1980, Peru faced a much narrower range of economic choices than did Brazil, and consequently a much more intractable problem of mass integration. In Peru, the military stepped in before

[15] Cynthia McClintock, "Self-Management and Political Participation in Peru, 1969-1975: The Corporatist Illusion," *Sage Professional Papers in Contemporary Political Sociology*, Vol. 2 (1977), Series/No. 06-022, 47.

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the ideological conflict within the elite had polarized, and it resorted to coercion primarily after the economic crisis, in phase two. In Brazil (as in Chile and Argentina), the military used "exclusionary" terror and repression from the beginning to consolidate its control against the elite as well as against previously mobilized popular sectors.

The Peruvian military's attempt to merge with the state left it vulnerable both to external attack and to internal dissension when its development strategy failed. Internal dissension is emphasized by Philip, Cleaves and Scurrah, and McClintock, who point out that Velasco's core leftist coalition was always small, and that when Velasco fell ill in 1973, he could not provide the Left with leadership and support. The leftists were first challenged by a military faction called "La Misión," which called for a more aggressive form of corporatism. Then, when Morales Bermúdez took power in 1975, most of the Velasquista officers either resigned or were exiled. Ultimately, the military abandoned its radical reformist goals in order to preserve its narrower institutional interest.

The various approaches used to analyze the Peruvian experiment differ in their ability to explain distinct phases of the military's rule. Economic structural explanations are of most use in gauging the pressures for change and for understanding the early policies of the "revolution"—in part because the military leadership shared a structural view of the causes and cures for Peru's underdevelopment. An economic approach is much less useful in explaining the radicalization of Peru's experiment or why Peru's national bourgeoisie rejected a revolution made to assure its "hegemony." The military's preoccupation with the political challenge of national integration and Velasco's own views and leadership style are more persuasive explanations for the radicalization of the initial reforms.

To understand the constraints on the "revolution" from within, military institutional analyses are particularly useful. These emphasize the contradiction between institutional norms and participatory politics that prevented the military from developing a political party or other genuinely political mechanisms to convert their reforms into the basis for building popular support. The military institutional analyses accurately anticipated splits within the military leadership and are helpful in understanding the pace and pattern of retrenchment after 1975.

Assessing Peru's Experiment

It is striking that the military failed to reform Peru in many of the same ways and to approximately the same degree as both its civilian predecessors and its successors. The armed forces took power in 1968 in large

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part because key officers thought the Belaúnde regime had been prevented from undertaking needed reforms by the party system, the Congress, the landed "oligarchy," and by U.S. corporations. The military found, however, that it could not sustain and implement many of the desired measures, despite the fact that all these obstacles were largely removed. As Alan Angell has put it, "if an authoritarian government coming to power with general support for its reformist aspirations could not govern effectively, and could not retain, let alone institutionalize, any social support, then we need to ask questions about the general difficulties of government in Peru, and not simply explain such difficulties in terms of the abuse of the political system, whether by civilians or soldiers."[16]

One lesson of Peru's experiment, especially for students of the military in politics, is that political leadership is very difficult even for a technically proficient and highly professionalized military with a strong educational system and a favorable context for the exercise of its influence. It was relatively easy for the Peruvian armed forces to seize and consolidate power and to decree profound reforms. It was much more complicated, however, to regiment a recalcitrant society, to dictate changed attitudes, to will efficiency into existence, and to induce cooperation. Most importantly, the military's concern for its own hierarchy and autonomy made it hard for it to advance far on projects to build popular participation into the reform process. SINAMOS, the social-mobilization agency that was supposed to resolve the problems of political participation, instead embodied the contradictions and dilemmas of the military approach to politics; the fact that each district director of SINAMOS was also the commanding officer of the army's coterminous military district was symptomatic.

It was difficult for the military institution to merge with the state even when its economic policies seemed to be successful. Without extensive use of coercion, it was virtually impossible for the military to stay in power when its economic policies failed. In addition, acting as the state, the armed forces became politicized and came to reflect the major social cleavages and ideological conflicts of the society. This, in turn, undermined institutional cohesion. The military's failure was a decisive blow to its ambitions, but not to its institutional survival. It withdrew from a discredited, unpopular intervention without becoming the target of civilian revenge and with its constitutional right to intervene left intact.

[16] Alan Angell, "The Difficulties of Policy-Making and Implementation in Peru," *Bulletin of Latin American Research* 3 (January 1984), 27.

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A second lesson of Peru's experiment is that the "third way" to development—neither "capitalist" nor "socialist"—runs the risk of falling between two schools; it undergoes the defects of each approach without the virtues of either. As practiced in Peru, the third way to development alienated both capitalists and labor unions. It discouraged capital accumulation and investment without significantly advancing social equity. It spurred popular expectations without increasing the capacity to fulfill them, and increased the need for foreign investment while decreasing the likelihood that it would be forthcoming. In some cases, these failures may have been avoidable, but to a certain degree, the Peruvian case exposed the contradictions inherent in an approach that proposed socialist values within a capitalist distribution of property.

Finally, the Peruvian experiment's shortfalls were so "overdetermined" that perhaps no definitive lessons should be drawn. It was beset by bad luck, bad timing, bad management, and bad policy—any one of which was probably sufficient to cause it to fail. The disappearance of the *anchoveta* from which fish meal, a major Peruvian export, is made; the nonappearance (in expected quantities) of oil; the changing international political context after the fall of Allende in Chile and Torres in Bolivia; Velasco's failing health—all these constitute "bad luck."

The fact that Peru's needs for more capital coincided so neatly with the international energy crisis of 1973-1974 led Peru to overextend its financial obligations more than it would have in other circumstances, with ultimately painful results. The effects of inexperience, corruption, and mismanagement—especially in the rapidly expanding public administration—should not be underestimated. Neither should the consequences of economic and political misjudgments that delayed Peru's major development projects and converted even the potential beneficiaries of the reform program into insecure and untrusting nonallies. In a sense, therefore, the Peruvian experiment was not only ambiguous and unsuccessful, but ultimately inconclusive.

It is in part for the last reason, no doubt, that Peruvians in the mid-1980s are reevaluating the military period, trying to assess whether the initiatives of the 1970s might again be relevant. Faced with mounting economic problems, the further decay of Lima, and a major rural insurgency (the Sendero Luminoso, or "Shining Path"), Peruvian voters in 1985 elected a president from the APRA party for the first time in history, and a coalition of leftist parties became the second-largest congressional bloc. The political parties that did well in the 1985 elections were those to the right and to the left of the approach of Peru's military leaders, and

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former president Morales Bermúdez himself did very poorly as a candidate. Nevertheless, the newly elected government of Alán Garcia is using many of the same advisers—and some of the same rhetoric and concepts—as were employed during the 1970s. An ultimate appraisal of the Peruvian experiment's legacy must await the results of this new chapter.

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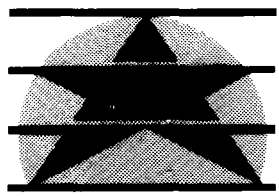

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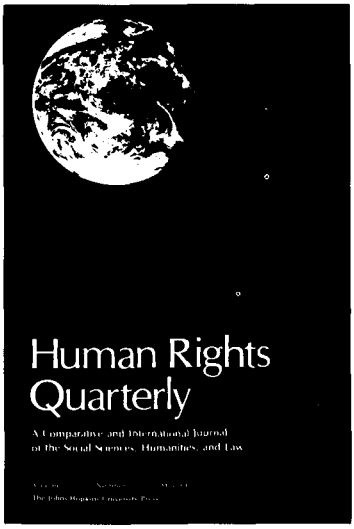

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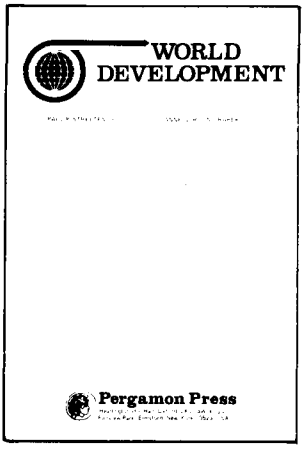

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